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Trademark

Trademarks are different.[1] Patents and copyrights are grounded on a theory of *creation*. The inventor or the author comes up with new information. That information is valued by the public because it helps to do something useful in the world, or because the human mind appreciates it for its own sake. Exclusive rights provide an incentive to create this information, or help to share it with the public.

That is not at all how trademarks work. Suppose that the Knockoff Soda Corporation starts selling a cola in red cans bearing the familiar COCA-COLA name and logo.[2] There are various reasons we might describe this as wrongful:

- Most obviously, there is a ***consumer protection*** rationale: some consumers will be deceived into buying a can of soda made by Knockoff rather than by the Coca-Cola Company.
- There is an ***unfair competition*** angle: Knockoff unjustifiably free rides on the Coca-Cola Company's reputation for quality.
- More subtly, there is a ***search costs*** rationale. If consumers cannot quickly tell the difference between a can of COCA-COLA made by Knockoff and one made by Coca-Cola, they will spend more time inspecting cans in minute detail, or give up entirely.
- And perhaps there is a ***cultural***[3] angle, given the importance of brands like COCA-COLA in modern society.

Whatever the reason, trademark law gives Coca-Cola the right to sue Knockoff for causing consumer confusion about the source of its goods.

Trademark law is a large and sprawling thing. It is a hybrid of state and federal protection; the two regimes interrelate so thoroughly that they must be studied together. It has a clear core of liability, surrounded by a messy penumbra of related causes of action. And its subject matter has expanded greatly over time.

The modern federal trademark statute was passed in 1946 and is codified at 15 U.S.C. §§ 1051 *et seq.* It is named the Lanham Act after its lead sponsor, Representative Fritz Lanham. Most sections are referred to interchangeably by their U.S. Code section numbers and their Lanham Act section numbers. I will use the Lanham Act numbers, but

1. The leading trademark treatises are J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (2021); LOUIS ALTMAN & MALLA POLLACK, CALLMANN ON UNFAIR COMPETITION, TRADEMARKS, AND MONOPOLIES (2021); JEROME GILSON & ANNE GILSON LALONDE, GILSON ON TRADEMARKS (2021); SIEGRUN D. KANE, KANE ON TRADEMARK LAW: A PRACTICIONER'S GUIDE (2021).

2. It is common to write trademarks consisting of words or phrases – so-called *word marks* – in small caps or all caps to indicate that one is writing about the trademark.

3. "What's great about this country is that America started the tradition where the richest consumers buy essentially the same things as the poorest. You can be watching TV and see Coca-Cola, and you know that the President drinks Coke, Liz Taylor drinks Coke, and just think, you can drink Coke, too. A Coke is a Coke and no amount of money can get you a better Coke than the one the bum on the corner is drinking. All the Cokes are the same and all the Cokes are good. Liz Taylor knows it, the President knows it, the bum knows it, and you know it." — Andy Warhol

if you do any trademark work you will need to be familiar with both. Unusually for federal IP laws, the Lanham Act takes state trademark law as given, and provides a federal overlay of rights and remedies on top of state-created rights. One of the things that the Lanham Act lets trademark owners do is ***register*** their trademarks with the USPTO, giving them nationwide rights and putting everyone else on notice of their claims.

A Subject Matter

The basis of trademark protection is the use of a word, phrase, logo, or other symbol to identify to consumers the source of goods or services. Lanham Act section 45 defines a "trademark" as:

> any word, name, symbol, or device, or any combination thereof used by a person … to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.[4]

The key work that a tradmark must do is to serve as an ***indication of source*** that distinguishes the mark owners' goods from others'. The COCA-COLA name, logo, color scheme, and other branding tell consumers that *this* can contains soda from the Coca-Cola Company, as compared with *other* cans with different branding that do not.

Compare the this *trademark* function of the COCA-COLA name with other elements of the can design. "12oz" does not identify and distinguish the Coca-Cola Company as a source; instead, it tells the buyer how much soda is in the can. This is a *non-trademark* function. From a subject matter perspective, distinguishing between trademark and non-trademark uses encompasses two closely related questions.[5] One is ***distinctiveness***: which phrases and symbols are capable of bearing source-identifying meaning? WATER cannot function as a trademark for bottled water because it identifies the contents of the bottle, rather than the company that sells it. Another is ***failure to function***: when is it that a distinctive phrase or symbol actually identifies a source to consumers? An American flag in an ad for pickup trucks is a general expression of patriotic sentiment, rather than an identification of a specific brand.[6]

1 Distinctiveness

We start with word marks, because they are conceptually simplest, and use them to explore the basic issues of distinctiveness. Then we turn to the effect of other types of subject matter – images, colors, scents, etc. – on distinctiveness.

a Word Marks

PIZZA HUT is a trademark; PIZZA is not. The difference is that consumers perceive PIZZA HUT as a designation of source, but PIZZA as a

4. 15 U.S.C. § 1127 [Lanham Act § 45]. The phrase "even if that source is unknown" was added in 1984 to reverse the holding in *Anti-Monopoly, Inc. v. General Mills Fun Group*Anti-Monopoly, Inc. v. Gen. Mills Fun Grp., 684 F.2d 1316 (9th Cir. 1982). that MONOPOLY was generic for the board game because consumers didn't know and didn't care who made it.

5. For more on the distinction, see Alexandra J. Roberts, *Trademark Failure to Function*, 104 Iowa L. Rev. 1977 (2019).

6. Other issues arise with product features, which are discussed in the Design chapter.

description of the food it sells. In trademark terminology, PIZZA HUT is distinctive, and PIZZA is not.

Courts conventionally divide distinctiveness into one of five categories: ***generic***, ***descriptive***, ***suggestive***, ***arbitrary***, and ***fanciful***:

> A generic term is the name of a particular genus or class of which an individual article or service is but a member. A generic term connotes the "basic nature of articles or services" rather than the more individualized characteristics of a particular product. Generic terms can never attain trademark protection. Furthermore, if at any time a registered trademark becomes generic as to a particular product or service, the mark's registration is subject to cancellation. Such terms as aspirin and cellophane have been held generic and therefore unprotectable as trademarks.
>
> A descriptive term identifies a characteristic or quality of an article or service, such as its color, odor, function, dimensions, or ingredients. Descriptive terms ordinarily are not protectable as trademarks; they may become valid marks, however, by acquiring a secondary meaning in the minds of the consuming public. Examples of descriptive marks would include "Alo" with reference to products containing gel of the aloe vera plant and "Vision Center" in reference to a business offering optical goods and services. As this court has often noted, the distinction between descriptive and generic terms is one of degree. The distinction has important practical consequences, however; while a descriptive term may be elevated to trademark status with proof of secondary meaning, a generic term may never achieve trademark protection.
>
> [D]escriptive terms are ordinarily not protectable as trademarks. They may be protected, however, if they have acquired a ***secondary meaning*** for the consuming public. The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own may by long use with a particular product, come to be known by the public as specifically designating that product. In order to establish a secondary meaning for a term, a plaintiff must show that the primary significance of the term in the minds of the consuming public is not the product but the producer. . . .
>
> A suggestive term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services. A suggestive mark is protected without the necessity for proof of secondary meaning. The term "Coppertone" has been held suggestive in regard to sun tanning products.

> Arbitrary or fanciful terms bear no relationship to the products or services to which they are applied. Like suggestive terms, arbitrary and fanciful marks are protectable without proof of secondary meaning. [The difference is that an arbitrary term has some preexisting meaning with no relationship to the product; a fanciful term is a neoligism invented for the sole purpose of serving as a trademark and has no preexisting meaning.] The term "Kodak" is properly classified as a fanciful term for photographic supplies; "Ivory" is an arbitrary term as applied to soap.[7]

7. Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786 (5th Cir. 1983) (partially reordered and highlighting added).

These phrases can be arranged into a "hierarchy of distinctiveness" with generic terms (the least distinctive) at the bottom and fanciful terms (the most distinctive) at the top. At a McDonald's, HAMBURGER is generic, QUARTER POUNDER is descriptive, MCFLURRY is suggestive, BIG MAC is arbitrary, and FANTA is fanciful.

The question the hierarchy answers is what consumers think of when they see the mark. Generic and descriptive marks have preexisting non-trademark meanings. The difference is that for generic marks that pre-existing meaning is legally conclusive and is presumed as a matter of law to be the meaning that consumers attribute to it. No amount of advertising will make people think that WATER is a trademark and not a description of the product. Descriptive terms, on the other hand, have a preexisting meaning that can be supplanted in consumers' minds: eventually they do come to think of "Vision Center" as a particular eyewear chain. Suggestive marks hint at descriptive terms but are linguistically different enough that consumers see the trademark meaning first and pick up on the descriptive suggestion second. ZAPPOS resembles the Spanish *zapatos* for shoes, and COPPERTONE describes something related to the product (the user's suntan) but not the product itself. Arbitrary marks have a preexisting meaning but consumers do not for a second think that it is a description of the product. And fanciful marks have no preexisting meaning at all to compete with the trademark meaning.

The ***strength*** of a mark depends on both its inherent characteristics – its position in the hierarchy – and on consumers' perceptions. A "weak" mark – i.e. a descriptive or weakly suggestive one – can be made stronger with proof of secondary meaning. Generic marks are zeroes; no matter what you multiply them by, they still have zero trademark strength. Whether a mark has secondary meaning is a factual question about what consumers believe. The best evidence about secondary meaning is therefore surveys of actual consumers about their reactions when they see the mark: if they are familiar with it and identify it as a brand descriptor, it has seconday meaning. Indirect evidence that can also be probative of secondary meaning include extensive sales and advertising campaigns. Of course products can sell for reasons that have nothing to do with branding, and advertising can fail to leave an impression, so these last two are imperfect evidence.

Importantly, a mark is only strong or weak *in relation to* particular goods or services. Thus, APPLE is a strong mark for computers: it is an arbitrary term with immense secondary meaning. But it is a weak mark for apples: indeed, it is generic and unprotectable. No one else can sell APPLE computers but anyone can sell APPLE apples.

Two dividing lines have particular legal significance. The line between *generic* and *descriptive* terms determines whether a mark is protectable at all: generic terms never are, whereas descriptive and higher terms can be. The line between *descriptive* and *suggestive* terms determines whether a mark is protectable on its own or requires proof of secondary meaning: descriptive terms do, whereas suggestive and higher terms do not.

Descriptive vs. Suggestive Marks

Zatarains, Inc. v. Oak Grove Smokehouse, Inc. is a good example of the descriptive/suggestive line.[8] Zatarain's sells New Orleans-style spices and mixes like cornbread and jambalaya. One of its best-selling products is ”Fish-Fri”: a corn-flour mix. Home cooks roll fish and other seafood in the mix, then fry them in oil. Other companies, including the defendants Oak Grove and Visko, began selling their own ”Fish Fry” mixes. Zatarain's sued, claiming they infringed on its FISH-FRY trademark. The court held that FISH-FRY was descriptive:

8. *Id.*

Zatarain's Fish-Fri

Zatarain's Chick-Fri

> A suitable starting place is the dictionary, for the dictionary definition of the word is an appropriate and relevant indication 'of the ordinary significance and meaning of words' to the public. *Webster's Third New International Dictionary* lists the following definitions for the term "fish fry": "1. a picnic at which fish are caught, fried, and eaten; .... 2. fried fish." Thus, the basic dictionary definitions of the term refer to the preparation and consumption of fried fish. This is at least preliminary evidence that the term "Fish-Fri" is descriptive of Zatarain's product in the sense that the words naturally direct attention to the purpose or function of the product.
>
> The "imagination test" is a second standard used by the courts to identify descriptive terms. This test seeks to measure the relationship between the actual words of the mark and the product to which they are applied. If a term requires imagination, thought and perception to reach a conclusion as to the nature of goods, it is considered a suggestive term. Alternatively, a term is descriptive if standing alone it conveys information as to the characteristics of the product. In this case, mere observation compels the conclusion that a product branded "Fish-Fri" is a prepackaged coating or batter mix applied to fish prior to cooking. The connection between this merchandise and its identifying terminology is so close and direct that even a consumer unfamiliar with the product would doubtless have an idea of its purpose or func-

tion. It simply does not require an exercise of the imagination to deduce that "Fish-Fri" is used to fry fish. Accordingly, the term "Fish-Fri" must be considered descriptive when examined under the "imagination test."

A third test used by courts and commentators to classify descriptive marks is whether competitors would be likely to need the terms used in the trademark in describing their products. A descriptive term generally relates so closely and directly to a product or service that other merchants marketing similar goods would find the term useful in identifying their own goods. Common sense indicates that in this case merchants other than Zatarain's might find the term "fish fry" useful in describing their own particular batter mixes. While Zatarain's has argued strenuously that Visko's and Oak Grove could have chosen from dozens of other possible terms in naming their coating mix, we find this position to be without merit. The fact that a term is not the only or even the most common name for a product is not determinative, for there is no legal foundation that a product can be described in only one fashion. There are many edible fish in the sea, and as many ways to prepare them as there are varieties to be prepared. Even piscatorial gastronomes would agree, however, that frying is a form of preparation accepted virtually around the world, at restaurants starred and unstarred. The paucity of synonyms for the words "fish" and "fry" suggests that a merchant whose batter mix is specially spiced for frying fish is likely to find "fish fry" a useful term for describing his product.

Oak Grove's Fish Fry

A final barometer of the descriptiveness of a particular term examines the extent to which a term actually has been used by others marketing a similar service or product. This final test is closely related to the question whether competitors are likely to find a mark useful in describing their products. As noted above, a number of companies other than Zatarain's have chosen the word combination "fish fry" to identify their batter mixes. Arnaud's product, "Oyster Shrimp and Fish Fry," has been in competition with Zatarain's "Fish-Fri" for some ten to twenty years. When companies from A to Z, from Arnaud to Zatarain's, select the same term to describe their similar products, the term in question is most likely a descriptive one.[9]

9. *Id.*

Notably, however, Zatarain's had established that FISH-FRI had secondary meaning. MOst importantly, there was survey evidence:

Zatarain's introduced at trial two surveys conducted by its expert witness, Allen Rosenzweig. In one survey, telephone interviewers questioned 100 women in the New Orleans area who fry fish or other seafood three or more times per

> month. Of the women surveyed, twenty-three percent specified Zatarain's "Fish-Fri" as a product they "would buy at the grocery to use as a coating" or a "product on the market that is especially made for frying fish." In a similar survey conducted in person at a New Orleans area mall, twenty-eight of the 100 respondents answered "Zatarain's 'Fish-Fri'" to the same questions.[10]

10. *Id.*

In a footnote, the court mildly critiqued the survey:

> The telephone survey also included this question: "When you mentioned 'fish fry,' did you have a specific product in mind or did you use that term to mean any kind of coating used to fry fish?" To this inartfully worded question, 77% of the New Orleans respondents answered "specific product" and 23% answered "any kind of coating." Unfortunately, Rosenzweig did not ask the logical follow-up question that seemingly would have ended the inquiry conclusively: "Who makes the specific product you have in mind?" Had he but done so, our task would have been much simpler.[11]

11. *Id.*

In addition, Zatarain's had good evidence of advertising and sales:

> Since 1950, Zatarain's and its predecessor have continuously used the term "Fish-Fri" to identify this particular batter mix. Through the expenditure of over $400,000 for advertising during the period from 1976 through 1981, Zatarain's has promoted its name and its product to the buying public. Sales of twelve-ounce boxes of "Fish-Fri" increased from 37,265 cases in 1969 to 59,439 cases in 1979. From 1964 through 1979, Zatarain's sold a total of 916,385 cases of "Fish-Fri."[12]

12. *Id.*

Compare the court's findings on another Zatarain's mark: CHICK-FRI. The descriptiveness analysis was essentially the same, but it lacked secondary meaning:

> In sharp contrast to its promotions with regard to "Fish-Fri," Zatarain's advertising expenditures for "Chick-Fri" were mere chickenfeed; in fact, Zatarain's conducted no direct advertising campaign to publicize the product. Thus the circumstantial evidence presented in support of a secondary meaning for the term "Chick-Fri" was paltry.
>
> Allen Rosenzweig's survey evidence regarding a secondary meaning for "Chick-Fri" also "lays an egg." The initial survey question was a "qualifier:" "Approximately how many times in an average month do you, yourself, fry fish or other seafood?" Only if respondents replied "three or more times a month" were they asked to continue the survey. This qualifier, which may have been perfectly adequate

> for purposes of the "Fish-Fri" questions, seems highly unlikely to provide an adequate sample of potential consumers of "Chick-Fri." This survey provides us with nothing more than some data regarding fish friers' perceptions about products used for frying chicken. As such, it is entitled to little evidentiary weight.

Thus, FISH-FRI was a protectable trademark but CHICK-FRI was not. Both were descriptive, but only FISH-FRI had the secondary meaning necessary to give Zatarain's rights in it.

For an example of a mark on the other side of the descriptive/suggestive line, consider *Innovation Ventures, LLC v. N.V.E., Inc.*[13] The plaintiff sells energy drinks containing as much caffeine as a 12-oz coffee, 200 times the recommended daily allowance of vitamin B12, and a mildly alarming list of other ingredients using the mark 5-HOUR ENERGY. It sued the makers of 6 HOUR POWER. for trademark infringement. As the court explained in holding that 5-HOUR ENERGY was suggestive:

13. Innovation Ventures, LLC v. N.V.E., Inc., 694 F.3d 723 (6th Cir. 2012).

> The 5-HOUR ENERGY mark could be characterized as merely descriptive, in the sense that it simply describes a product that will give someone five hours of energy. But that is not the end of such an inquiry. The first question one would ask is how would the energy be transferred? Through food? Through drink? Through injections? Through pills? Through exercise? Also, one would ask what kind of energy is the mark referring to? Food energy (measured in Calories)? Electrical energy? Nuclear energy? With some thought, one could arrive at the conclusion that the mark refers to an energy shot. But it is not as straightforward as NVE suggests. Such cognitive inferences are indicative of "suggestive" rather than descriptive marks.
>
> The nature of the 5-HOUR ENERGY mark "shares a closer kinship with those marks previously designated as suggestive than those labeled merely descriptive because of the degree of inferential reasoning necessary for a consumer to discern" that the 5-HOUR ENERGY mark relates to an energy shot. The connection between "5-hour" and "ENERGY" is "not so obvious that a consumer seeing 5-HOUR ENERGY in isolation would know that the term refers to" an energy shot rather than, for example, a battery for electronics, an exercise program, a backup generator, or a snack for endurance sports. Connecting the mark 5-HOUR ENERGY with the energy-shot product requires imagination and perception to determine the nature of the goods.

5-Hour Energy and 6 Hour Power

Generic vs. Descriptive Marks

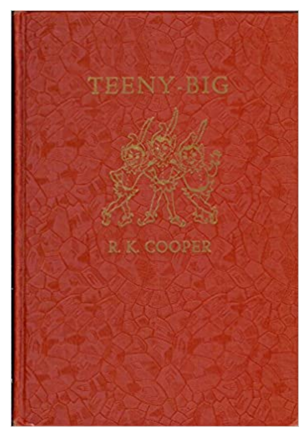
A generic mark is a descriptive mark on steroids. It does not merely describe characteristics of the goods; it is the name by which the goods themselves are known. There are two subtly different things going on when a court holds that WATER is generic for bottled water. One is a factual claim: it is asserting that no amount of advertising would ever actually convince consumers that WATER refers to the bottles of water sold by the Amalgamated Consolidated Bottling Company. The other is a legal proposition: it *does not matter* whether AmalConsol persuades consumers to refer to its bottles exclusively as WATER. Other sellers of bottled water have a ***competitive need*** to use the term "water" to describe their own bottles, so that it would be anti-competitive to allow AmalConsol to monopolize the word. On this latter view – which more closely corresponds to the caselaw – the difference between generic and descriptive marks is not so much a survey-style question of how consumers perceive the mark as it is a broader one of whether competing sellers can concisely and accurately market their own products if they are deprived of the use of the term. In other words, generic terms are such fundamental linguistic building blocks that they must be available to all.

An interesting example of *de jure* generic marks is the rule that titles of "single creative works" are not valid trademarks. In *In re Cooper*, the court held that TEENY-BIG, the title of a children's book about "a little elf with magic powers of self-expansion named Teeny-Big," was not a protectable trademark.[14]

14. *In re* Cooper, 254 F.2d 611 (C.C.P.A. 1958) (Rich, J.).

> The purchaser of a book is . . . pointing out which one out of millions of distinct titles he wants, designating the book by its name. It is just as though one walked into a grocery and said "I want some food" and in response to the question "What kind of food?" said, "A can of chicken noodle soup."[15]

15. *Id.* at 614–15.



R.K. Cooper, *Teeny-Big* (1953)

That is, the title of a book is *the* name by which the unique creative within the book is known. Of course, while it is under copyright no one else can sell copies of that work, so it is not as though anyone needs the mark TEENY-BIG to describe their own unauthorized edition of *Teeny-Big*. But first, note that when *Teeny-Big* comes out of copyright, as all works eventually do, it will not do to allow one publishing company to establish exclusive rights over the work by holding trademark rights in TEENY-BIG. And second, this rule leaves others free to title their own books *Teeny-Big*. It dovetails with the rule that titles are not copyrightable; there can be no exclusive ownership of a title.

This rule, however, only applies to "titles" of "single" creative works. A publisher's trademark is not a title; RANDOM HOUSE identifies Penguin Random House as the source of the many books it publishes. And the name of a *series* of creative works can be trademarked, because it ensures that "each book of the series comes from the same source as the others."[16] Thus, GOOSEBUMPS is a valid trademark for the 200+ books in the children's horror series by R.L. Stine.

16. *Id.* at 615.

Linguistic Variations

Understanding what impression a term creates in consumers' minds requires engaging with the details of how people use language. Somtimes, combining two generic terms simply results in another generic term. SCREEN is generic for computer screens and WIPE is generic for cleaning cloths; the combination SCREENWIPE is generic for cloths for cleaning computer screens.[17] But in other cases, the combined term "evokes a new and unique commercial impression" and is more than the sum of its parts.[18] SUGAR is descriptive of baked goods, and so is SPICE, but SUGAR & SPICE is suggestive, because it evokes the nursery-rhyme phrase "Sugar and spice and everything nice."[19] Thus, the meanings of individual parts of a composite phrase are a necessary starting point, but the ultimate question is whether the phrase as a whole is distinctive.

An important consequence of this rule is that having rights over a phrase as a whole does not necessarily give rights over its components. The owner of the SUGAR & SPICE mark may be able to enforce its rights against other bakeries that use the phrase SUGAR & SPICE as a whole, but not against bakeries that use SUGAR alone. The USPTO requires registrants to explicitly disclaim unprotectable elements of trademarks. For example, BILL'S CARPETS is a protectable trademark, but Bill's registration will bear the statement "No claim is made to the exclusive right to use CARPETS apart from the mark as shown."[20]

Similarly, "The foreign equivalent of a merely descriptive English word is no more [distinctive] than the English word itself."[21] Thus, ◎◎ and its transliteration AYUMI, which mean "walking" in Japanese, were descriptive for footwear. And SAPORITO, which is Italian for "tasty," was descriptive for dry sausage. This ***doctrine of foreign equivalents*** only applies when the "ordinary American purchaser who is knowledgeable in the foreign language" would recognize the term. The point of the rule is that terms do not become more or less distinctive depending on which language they are in, not that they are mechanically translated from one langauge to another.

A similar rule applies to acronyms and initialisms.[22] They are descriptive when consumers recognize them as synonyms for a full, spelled-out descriptive term.[23] Thus NKJV, which is short for "New King James Version," was descriptive of bibles, but CMS, which is short for "cabernet, merlot, and syrah," was distinctive for wine.

And the same general rule applies to the modern practice of slapping an i or e on the start of a word, or making it into a hashtag with a # or sticking a ".com" on the end. In *US Patent & Trademark Office v. Booking. com BV*, the Supreme Court held that BOOKING.COM was not generic for online hotel-reservation services, even though BOOKING by itself is. The question is always, always, always what "that term, taken as a whole, signifies to consumers."[24]

17. United States Patent and Trademark Office, Trademark Manual of Examining Procedure § 1209.03(d) (2021) [hereinafter TMEP].
18. *Id.*
19. *Id.*
20. *Id.* §§ 1213.05(b)(/)(i)(i)(/)(D), 1213.08(a)(i).
21. *Id.* § 1209.03(g).
22. An "acronym" is pronounced as a unit; an initialism is pronounced letter-by-letter. NASA is an acronym; FBI is an initialism.
23. TMEP, *supra* note 17, at 1209.03/h.
24. US Patent & Trademark Office v. Booking. com BV, 140 S. Ct. 2298, 2304 (2020). *See generally* TMEP, *supra* note 17, § 1202.18 ().

b Design Marks

So far, we have been discussing ***word marks***, which consist only of characters. But this is not the only type of mark. A mark can be enriched by adding graphical elements such as typeface, color, layout, images, etc. And some trademarks have no words at all: they are logos, pure and simple. Collectively, these marks with graphical elements are known as ***design marks***. Importantly, adding these elements can often affect the distinctiveness of a mark.

For example, in *Star Industries, Inc. v. Bacardi & Co. Ltd.*, Georgi added an orange-flavored vodka to its line of flavored vodkas. Its label consisted of an orange "O" with the Georgi coat of arms, an organge slice, and the GEORGI name. Bacardi began selling its own orange-flavored rum, which it sold with a label consisting of the Bacardi name above an orange "O." An O by itself is not distinctive for orange-flavored vodka, and the orange color is also descriptive of the flavor. But, as the court explained, there was more to Georgi's orange O than its color:

> Star's "O" is sufficiently stylized to be inherently distinctive and therefore protectable as a trademark. It is stylized with respect to shading, border, and thickness, and each of these design elements distinguishes it from the simple or basic shapes and letters that have been held unprotectable.
>
> The Star "O" design had sufficient shape and color stylization to render it slightly more than a simply linear representation of an ellipse or the letter "O." It was, furthermore, a unique design in the alcoholic beverage industry at the time it was introduced. This suffices to establish its inherent distinctiveness and thus its protectability. Furthermore, the Star "O" design is protectable separately from the other design elements on the Georgi orange-flavored vodka label precisely because the "O" design is itself inherently distinctive. However, the extent of stylization was marginal at best. The outline of the "O," though not uniform, is ordinary in its slightly varying width, and the interior and exterior borders are also ordinary. The result is a "thin" or weak mark, which will be entitled to only limited protection.[25]

The result was that there was no likelihood of confusion between the two "O"s. Compare the Georgi coat of arms, which is highly distinctive. Had Bacardi used the coat of arms, and not just an orange O, it would likely have infringed.

Georgi O

Bacardi O

25. Star Indus., Inc. v. Bacardi & Co. Ltd., 412 F.3d 373 (2d Cir. 2005).

c Exotic Marks

A few types of unusual subject matter are called ***exotic*** to distinguish them from the more common word and design marks. A word mark and a design mark are both distinct graphical elements; you can draw a line around them on a product, package, or ad and say *this* is the mark. But the Lanham Act refers broadly to "any word, name, symbol, or device" capable of distinguishing one source from another.[26] In *Qualitex Co. v. Jacobson Products Co.*, the Supreme Court considered whether a color by itself could be a protectable trademark.[27] Qualitex sold dry-cleaning press pads with a green-gold color.[28] A rival, Jacobson Products, colored its own press pads a similar color. Qualitex sued, and Jacobson argued that the green-gold color by itself could not function as a trademark. The Supreme Court held that it could, becuase "We cannot find in the basic objectives of trademark law any obvious theoretical objection to the use of color alone as a trademark . . . . . It is the source-distinguishing ability of a mark – not its ontological status as color, shape, fragrance, word, or sign – that permits it to serve these basic purposes."[29] If consumers actually associate the green-gold color with Qualitex's pads, then it is distinctive in the sense that trademark law cares about.

This is wholly plausible. Think of a red-and-yellow fast-food restaurant, or a pink-and-orange donut shop. If MCDONALDS and DUNKIN come to mind, then these color combinations are functioning as trademarks. Pantone PMS 3425 C is STARBUCKS green, Pantone PMS 1837 is TIFFANY blue, and Pantone PMS 476 C is UPS brown.

There are, however, some very important limits. One is that color is often used – as in *Qualitex* – as a *product feature*. The pads themselves are green-gold, not their packaging. A product feature can be wholly decorative: many wallpapers have a floral pattern simply because it looks nice. This is the doctrine of ornamentality, as seen in *In re Schmidt*. Product design can also make a product work better: a hat has to be head-shaped or it can't work as a hat. This is the doctrine of functionality, discussed in the Design chapter. So not every product feature is a trademark.

More generally, word and design marks are common, but color is much less often used as a trademark. Consumers do not look around them and expect that every color they see in the course of a day is a symbol for something else. Sometimes a color is just a color. So *Qualitex* announced a rule that colors are protectable as trademarks only with proof of secondary meaning. This is the general rule for exotic marks. They are, as a matter of law, at most descriptive. They can be protected as trademarks only when they have secondary meaning.

Qualitex opened the floodgates, but what has come through has been more like a trickle. The pink of Owens-Corning fiberglass insulation is registered, but the yellow color of a CHEERIOS box was held by the TTAB not to have secondary meaning. The TTAB has referred to the "difficult burden" of showing secondary meaning in a color, and color marks remain a tiny fraction of all registered marks.

Other types of exotic marks are also rare. Sound marks, like design marks, are easy to make unique. The Twentieth Century Fox fanfare, for example, does not sound like anything naturally occurring. It is registered, and so are the Aflac duck quack and the the Tetris melody. But the TMEP warns that sounds that "resemble or imitate 'commonplace' sounds or those to which listeners have been exposed under dif-

26. Lanham Act § 45.

27. Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159 (1995).

Qualitex dry-cleaning pad

28. A dry-cleaning press pad is the cover that goes between a dry cleaning press and the clothes being pressed flat. They are one of the important consumables used in the dry-cleaning process.

29. *Qualitex*, 514 U.S. at 163–64.

ferent circumstances, which must be shown to have acquired distinctiveness."[30] It gives as examples "alarm clocks, appliances that include audible alarms or signals, telephones, and personal security alarms," all of which "make the sound in their normal course of operation."[31]

30. TMEP, *supra* note 17, § 1202.15.

31. *Id.*

And that is basically it. Scent marks are super-rare. There are less than a dozen currently registered, many of which are questionable at best. OSEWEZ (pronounced "Oh Sew Easy") registered "a high impact fresh floral fragrance reminiscent of plumeria blossoms" for yarn; Verizon registered "a flowery musk scent" for its retail stores. Both marks have lapsed. The USPTO is open to the possibility that a flavor could acquire trademark meaning, but it has rejected several applications for pharmaceutical flavors. The TTAB has observed, with a skeptical tone, that "it is unclear how a flavor could function as a source indicator because flavor or taste generally performs a utilitarian function and consumers generally have no access to a product's flavor or taste prior to purchase."[32]

32. In re N.V. Organon, 79 USPQ2d 1639, 1650-51 (TTAB 2006).

An important conceptual and practical problem with any exotic mark is how to describe the mark, both so that the USPTO can examine it and so that competitors can be aware of the scope of the owner's rights. The USPTO does not pay particularly close attention to the issues of accurate color reproduction and color profiles that graphic designers obsess over. For sound marks, applicants can submit a sound file, and the USPTO maintains a list of sound marks on its website. A quick skim of the list shows how hard it is to search the list for similarity to a proposed mark. The only reason this isn't a substantial problem is that so few sound marks are actually registered. For scent marks, matters are even worse. The USPTO's database includes only a textual description of the mark. Applicants must submit specimens of the scent, which can be either be the actual goods, or, in the case of a scent used on pagacking, a scratch-and-sniff sticker. But this is just for the examiner, not for trademark search. Again, the only reason this isn't completly unworkable is that so few scent marks are registered.

2 Failure to Function

For a representative example of when an otherwise distinctive term fails to function as a trademark, consider *Schmidt*.[33] On April 15, 2013, two pressure-cooker bombs exploded at the finish line of the Boston Marathon, killing three and injuring hundreds, and starting a massive four-day manhunt that ended with one of the perpetrators dead and the other in police custody. In the aftermath of the bombing, the hashtag #bostonstrong trended on Twitter and the slogan "Boston Strong" became a local motto of resilience and strength.

33. *In re* Schmidt, App. No. 85910031 (USPTO Office Action July 12, 2013).

Schmidt's specimen of the mark in use

John Schmidt applied to the USPTO to register BOSTON STRONG as a trademark for "Athletic apparel, namely, shirts, pants, jackets, footwear, hats and caps, athletic uniforms." The USPTO rejected his application because BOSTON STRONG did not ***function as a mark***: it "conveys an informational social, political, religious, or similar kind of message," rather than identifying who made and sold the shirts and hats. Someone seeing "Boston Strong" on a T-shirt wouldn't think, "Oh, this is one of John Schmidt's shirts, so it must be well-made." They'd think, "Damn right. If the British couldn't stop us, a pair of punks sure can't! Go Sox!" Thus, as an empircal matter, Schmidt had not shown that people would perceive BOSTON STRONG as a trademark.

Note that failure to function is different than descriptiveness. The shirts themselves were not "Boston strong"; consumers would not think that the phrase was a description of the products. The point is that the phrase has an informational message, and an informational message is a kind of *non-trademark meaning* to consumers. Descriptiveness is another. A business using a phrase or symbol must show that it is being used in such a way that consumers would perceive it as a trademark, and not as something else.

B Ownership

Ownership of trademarks is determined, in the first instance, by state common law. Federal registration is an overlay onto this system; it mostly assumes, rather than displaces, state law.

1 Priority at Common Law

The basic dogma of trademark ownership is that *trademark rights flow from use*. This is a natural consequence of the rule that trademark rights reflect goodwill, i.e. consumers' association of a mark with goods from a particular source. If a mark has no such associations, anyone is free to use it and to teach consumers what it means. But once consumers have made that association with a business (the ***senior user***), anyone else who subsequently uses the same mark (the ***junior user***) infringes. The mark is owned by whoever first uses it to build goodwill.

Priority

Consider *Galt House Inc. v. Home Supply Co.*[34] The Galt House Hotel was a famous hotel built in Louisville, Kentucky in 1835. Charles Dickens slept there and praised it, saying "We slept at the Galt House; a splendid hotel; and were as handsomely lodged as though we had been in Paris, rather than hundreds of miles beyond the Alleghanies." It was the scene of a notorious murder in in 1838, and another in 1862, when one Union general shot and killed another. Three hotels by that name stood on the site – the second burned down in in 1865 and had to be rebuilt – the last of which closed in 1920. The company that had operated it continued to exist until 1961, when its corporate charter expired.

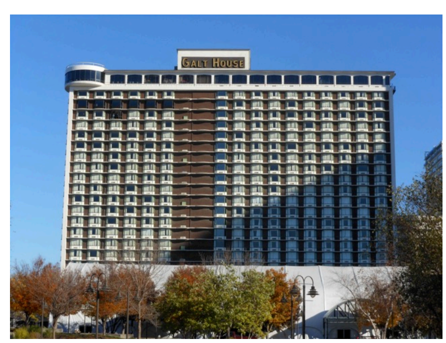
In 1964, Arch Stallard, Sr., a real-estate broker, incorporated a new company under the name "Galt House." He made a few inquiries about possible locations for a hotel, but took no other concrete actions. In 1969, a competitor, the Home Supply Company, run by A.J. Schneider, submitted plans for a hotel under the name "Galt House," and began

34. Galt House Inc. v. Home Supply Co., 483 S.W.2d 107 (Ky. 1972).

The first Galt House

The second Galt House

The third Galt House



The fourth (and current) Galt House

construction in 1970. It began taking reservations, but in 1971, before it opened, Stallard and his Galt House company filed suit.

From a trademark perspective, Schneider and Home Supply were first to use the GALT HOUSE trademark, *not* Stallard. As of 1964, when our modern story begins, the GALT HOUSE mark was unowned and up for grabs. By 1961, the former Galt House hotel's operators had no remaining trademark rights. Even if they had such rights, there was no continuity of ownership between them and Stallard. He had no better claim to the mantle of the storied Galt House than you or I or Home Supply. Stallard obtained no *trademark* rights by incorporating a company under the Galt House name; a business name is not a trademark. It is missing the essential quality of trademark rights: using the mark in commerce to build goodwill in consumers' minds.

Instead, Home Supply had trademark rights when it began *advertising and taking reservations*. These activities led consumers to associate GALT HOUSE with a particular hotel on a particular site and a particular business operating it. If you want to stay at a GALT HOUSE, you go to 140 North Fourth Street in Louisville, and you call Home Supply's phone number. That was use creating goodwill, and it gave Home Supply ***priority*** in the GALT HOUSE mark, making it the senior user.

Use in Commerce

Not every use of a term creates trademark rights. Only commercial uses that lead consumers to view the mark as an indication of source for goods or services do. In *Heinemann v. General Motors Corp.*, Wilbur A. Heinemann was a car mechanic and hobbyist who in 1968 restored and modified a vintage 1932 Model A Ford.[35] Inspired by the recurring sketch "Here come da judge" from the TV show *Rowan and Martin's Laugh-In*, he painted "The Judge" on the side, exhibited it at a car dealership, and raced it in several events. That same year, and inspired by the same sketch, GM's Pontiac division named its 1969 GTO "The Judge."

Heinemann sued, and lost, because he had not used THE JUDGE as a trademark "in connection with a trade or business."[36] He acquired no rights in the mark. GM, by contrast, did, because it used THE JUDGE as a trademark for the cars it sold. Heinemann testified that he planned to a car parts shop using the name, but future plans do not create present trademark rights.

That said, "trade or business" is construed expansively: the trade need not be a profit-making venture. In *Planetary Motion, Inc. v. Techsplosion, Inc.*, Byron Darrah released an email program he named Coolmail.[37] Darrah made Coolmail available by posting it an online site where users could download it for free. He released it under the GNU General Public License, which allows users to copy, distribute, and modify the software as long as they adhere to various conditions, such as releasing any modified versions under the GPL.

This, the court held, was sufficient to create trademark rights. First of all, consumers actually did associate COOLMAIL with Coolmail.

35. Heinemann v. Gen. Motors Corp., 342 F.Supp. 203 (N.D. Ill. 1972).

36. *Id.* at 206.

37. Planetary Motion, Inc. v. Techsplosion, Inc., 261 F.3d 1188 (11th Cir. 2001).

"Darrah made the software available not merely to a discrete or select group (such as friends and acquaintances, or at a trade show with limited attendance), but to numerous end-users via the Internet."[38] When he did, he used the mark *as a mark*:

38. *Id.*

> The COOLMAIL mark appeared in the subject field and in the text of the announcement accompanying each release of the Software, thereby distinguishing the Software from other programs that might perform similar functions available on the Internet or sold in software compilations. The announcements also apparently indicated that Darrah was the "Author/Maintainer of Coolmail" and included his e-mail address. The user manual also indicated that the Software was named "Coolmail." The German company S.u.S.E. was able to locate Darrah in order to request permission to use his Software in its product under the mark "Coolmail."[39]

39. *Id.*

Darrah's use of the GPL let anyone *use* the software for free, but that did not waive his trademark rights in the *name* he gave it. Indeed, because the GPL requires any redistributed or modified version of the software to contain a copyright notice, the GPL itself was "evidence of Darrah's efforts to control the use of the COOLMAIL mark in connection with the Software."[40] The general rule is that "The sufficiency of use should be determined according to the customary practices of a particular industry," and in the world of open-source software, Darrah's use established the necessary goodwill.[41]

40. *Id.*

41. *Id.*

Similarly, the absence of profit from selling Coolmail did not matter:

> Common law unfair competition protection extends to nonprofit organizations because they nonetheless engage in competition with other organizations. Thus, an eleemosynary individual that uses a mark in connection with a good or service may nonetheless acquire ownership rights in the mark if there is sufficient evidence of competitive activity.
>
> Here, Darrah's activities bear elements of competition, notwithstanding his lack of an immediate profit-motive. By developing and distributing software under a particular mark, and taking steps to avoid ceding the Software to the public domain, Darrah made efforts to retain ownership rights in his Software and to ensure that his Software would be distinguishable from other developers who may have distributed similar or related software. Competitive activity need not be fueled solely by a desire for direct monetary gain. Darrah derived value from the distribution because he was able to improve his Software based on suggestions sent by end-users. Just as any other consumers, these end-users discriminate among and share information on available software. It is logical that as the Software improved, more end-

> users used his Software, thereby increasing Darrah's recognition in his profession and the likelihood that the Software would be improved even further.[42]

42. *Id.*

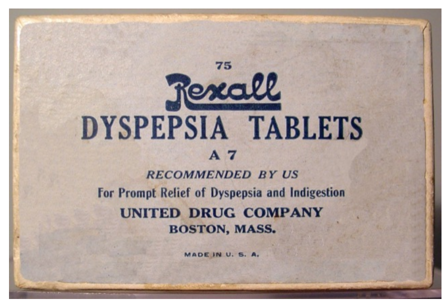
Compare *Religious Technology Center v. Netcom On-Line Communications Services, Inc.*, where the kind of "business" that can have a trade secret was also construed expansively.

Geographic Limits

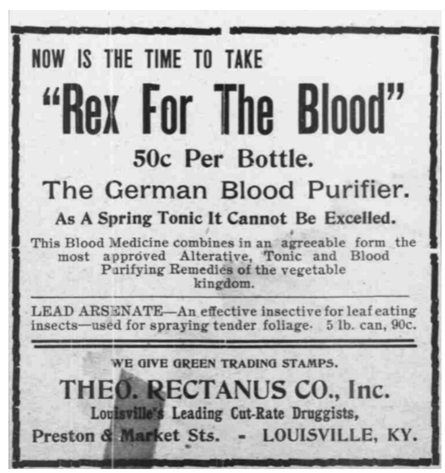
Since consumers are located in a particular area, trademark rights are geographic. The senior user ***in a given area*** has priority. It follows that different users may be senior in different areas. If I start using a mark in one market and you start using it in another, I have priority in my region and you have priority in yours. The regions in which we have priority are defined as everything else in trademark law is: by looking to consumers' understandings. A user has priority where it has goodwill in consumers' minds.

This rule of geogrpahic priority is known as the *Tea Rose/Rectanus* doctrine, after the leading cases. One of them, *United Drug Co. v. Theodore Rectanus Co.*, is illustrative.[43] In about 1877, Ellen Regis of Haverhill, Massachusetts began to sell an indigestion medicine under the trademark REX. Meanwhile, in 1883, Theodore Rectanus started selling a "blood purifier" named REX in Louisville.. These sales, undertaken independently in remote markets, made each of them the senior user in their areas: Regis in eastern Massachusetts, and Rectanus near Louisville.

43. United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918).



Rexall's indigestion tablets label



Rectanus's blood purifier advertisement

In 1903, a Boston-based federation of independent drug stores created the United Drug Stores cooperative, which franchised the name REXALL to its members. This led to litigation with Regis when Rexall started selling REXALL-branded indigestion tablets. In 1911, Rexall bought out Regis: it acquired the business line of REX-branded indigestion tablets, and along with it the goodwilll in the REX mark. In 1912, it started selling REX-branded indigestion tablets at stores in Louisville, leading the Rectanus company to sue.

Although Rexall's predecessor Regis had used the REX mark first, Rectanus had used it first *in the Louisville area*. Consumers there associated REX with Rectanus's blood purifier, not with Rexall's indigestion tablets. As the Supreme Court explained:

> Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one

thing in one market, an entirely different thing in another.

One small tweak on the notion of geographic priority is that a senior user is also entitled to a small ***zone of expansion*** around the area where it has goodwill: e.g., from a city into its suburbs. The idea, not entirely clearly theorized, seems to be that it would occupy those areas in due course in the near future, and so a junior user ought not be able to preempt it by moving in there first.

Another important qualification to geographic priority is that only a ***good faith*** user in a remote market can build up priority. If Shmexall started selling REX tablets in Louisville knowing of Rexall's tablets and intending to confuse consumers into buying its tablets instead, that would be a ***bad faith*** use. Knowledge (actual or constructive) of the remote user's trademark is not enough; the mark must have been adopted with the intent to create consumer confusion by trading on the remote user's goodwill.[44]

Geography on the Internet

The Internet seemingly scrambles the assumption that trademark rights are geographic, because it enables a business anywhere to sell to customers everywhere. But the old concepts have proved surprisingly reslient. Consider *Dudley v. HealthSource Chiropractic, Inc.*, where Donald Dudley used the mark HEALTHSOURCE CHIROPRACTIC for his chiropractic practice in Rochester, New York starting in 2003, for which he had a website using the mark.[45] The defendant started franchising chiropractic practices under the name HEALTHSOURCE CHIROPRACTIC in 2006, initially in Ohio. It quickly expanded to 325 franchises nationwide. It awarded a franchise in Rochester to one Dr. Divito, which opened in April 2007.

Dudley argued that he was the senior user not just in Rochester but on the Internet. But "the Internet" is not a geographic place, "a geographic territory to be subdivided";[46] no one can have priority "there." No consumers literally live *in the Internet*. Dudley's website did not automatically give him priority over the defendant's website.

Instead, the proper way to think about the Internet, according to the court, is as "a global communication medium that is accessible from anywhere on the planet."[47] Giving Dudley senior-user trademark rights based solely on having his website would let him "monopolize the internet to the exclusion of other lawful users of the same mark."[48] Dudley had priority in Rochester because that was where his customers were. But an online business that sells directly to users has goodwill everywhere it has customers. The goodwill lives where they do. Thus HSC was building up goodwill everywhere it had franchisees.

In *Dudley*, the defendants respected Dudley's priority in Rochester. They removed Dr. Divito's practice from their website. He used his own website, rochesterspinalcare.com, for his practice there, and used a different trademark on that site. Things would have been different if they had deliberately directing advertisements to users in the Rochester

44. Do you see how the good-faith rule threatens to swallow the *Tea Rose/Rectanus* doctrine if not tightly constrained? For that mattter, do you see how it undercuts the factual assumptions that justify geographic limits on trademark rights at all?

45. Dudley v. HealthSource Chiropractic, Inc., 585 F. Supp. 2d 433 (W.D.N.Y. 2008).

Plaintiff's website logo, at http://healthsourcechiropractic.com/

Defendant's website logo, at http://healthsourcechiro.com/

46. *Id.*
47. *Id.*
48. *Id.*

area, e.g. by using geographic restrictions on an online ad campaign on Facebook or Google.

Lawful Use

One last requirement is that use in commerce means ***lawful use***. A legal violation in selling a product blocks the acquisition of trademark rights when two conditions are met. First, there must be a *nexus* between the the use of the mark and the violation, one "sufficiently close to justify withholding trademark protection for that name until and unless the misbranding is cured."[49] Second, the violation must be material to consumers, i.e. it is "of such gravity and significance that the usage must be considered unlawful – so tainted that, as a matter of law, it can create no trademark rights."[50]

Consider *CreAgri, Inc. v. USANA Health Sciences, Inc.*, where CreAgri sold a dietary supplement under the name OLIVENOL.[51] Its label indicated that each tablet contained 25mg of hydroxytyrosol, an antioxidant found in olives – but the tablets actually contained 3mg or less. This made it misbranded under federal food-labeling law, which requires that the actual amount of a nutrient in a product be "at least equal to the value for that nutrient declared on the label."[52] There was a nexus here because the violation was *misbranding*, which specifically deal to the relationship between a product's name and its contents. The point of adopting OLIVENOL as the mark was that the tablets contained hydroxytyrosol just like olives do. The mark itself was a lie, especially in conjunction with the ingredients label. And it was material, because the misbranding affected every bottle sold. Compare *General Mills, Inc. v. Health Valley Foods*, where the first eighteen boxes of Fiber One were misablelled, but the error was promptly corrected and the next 600,000 boxes were properly labeled.[53]

One policy justification for the lawful-use requirement is that the government should not confer benefits on those who violate its own laws. This is perfectly reasonable on its own, but we have already seen patent and copyright take exactly the opposite view. A second policy is that conferring rights on illegal uses would reward careless sellers who rush to market by giving them priority over more careful sellers. This argument has more punch, because racing behavior is a serious concern in trademark law. The requirement of actual use is specifically designed to prevent businesses from hoarding trademarks not backed up by a real line of business. Still, the goodwill that illegal uses create is perfectly real, so this requirement cuts against the usual trademark policy of deferring to consumer undersatnding. A third policy view might be that this is a false-advertising policy and the rule has the most teeth where the trademark is deceptive because of the violation, as in *CreAgri*.

2 Federal Registration

Trademarks can be registered with the USPTO.

49. CreAgri, Inc. v. USANA Health Scis., Inc., 474 F.3d 626 (9th Cir. 2007).

50. Gen. Mills, Inc. v. Health Valley Foods, 24 U.S.P.Q.2d 1270 (TTAB 1992). If these two elements sound duplicative and question-begging, they kind of are.

51. creagri

Olivenol

52. 21 C.F.R. § 101.9(g)(4)(i).

53. *Gen. Mills*, 24 U.S.P.Q.2d 1270.

Actual Use

Section 1(a)(1) of the Lanham Act is straightforward:

> The *owner of a trademark used in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . . [54]

Read that again carefully. It says that the "owner" of a mark "may request registration." If you are accustomed to patent law, this may strike you as backwards. Isn't it the the registration that *makes* an applicant into a federal trademark owner?

No, and it is aboslutely crucial to understand why not. The Lanham Act's federal-registration system *presumes* that the states have functioning trademark systems based on use, as discussed above. A person who uses a trademark in connection with a business in a way that creates consumer goodwill thereby becomes a trademark owner under state law. So Lanham Act section 1(a)(1) says that a person who *already has* rights in a mark under state law is entitled to register that mark federally. This is called registration ***based on use***.

One minor subtlety is that the Lanham Act's "used in commerce" is tied to Congress's power "to regulate commerce with foreign nations, and among the several states, and with the Indian tribes."[55] Federal trademark law is based on the Commerce Clause, not the IP Clause.[56] So for federal registration, a trademark must not only be used in connection with a trade or business, as state law requires, but also used in interstate commerce. As of 2021, however, the courts' interpretation of Commerce Clause authority is broad enough that this is essentially a non-issue.

Section 7 of the Lanham Act also specifies the benefits that flow from registration. First, there are evidentiary benefits:

> (b) *Certificate as prima facie evidence*. – A certificate of registration of a mark upon the principal register provided by this chapter shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the owner's ownership of the mark, and of the owner's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate.[57]

This isn't the clear-and-convincing-evidence presumption of patent law, but it's not nothing. More important, however, is the ***constructive nationwide priority***:

> (c) *Application to register mark considered constructive use*. – Contingent on the registration of a mark on the principal register provided by this chapter, the filing of the application to register such mark shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect, on or in connection with the goods

54. Lanham Act § 1(a)(1) (emphasis added)

55. U.S. Const. art. I, § 8, cl. 3.

56. trademarkcases

57. Lanham Act § 7(b).

> or services specified in the registration.[58]

58. Lanham Act § 7(c).

This is the big ball of marbles. As of the date it files (provided that the registration issues), a trademark registrant is deemed to have made use of the mark everywhere in the United States. It therefore gains priority in all unclaimed territory – everywhere that there is not already someone else using the mark. It does so even if it was second to use the mark in an absolute sense.

For a good example of what federal registration does and does not do, consider *Burger King of Florida, Inc. v. Hoots*.[59] Burger King of Florida (BKF) is the chain restaurant we all know. it opened its first BURGER KING restaurant in Jacksonville, Florida in 1953 and began expanding quickly. In 1957, Gene and Betty Hoots changed the name of their ice-cream restaurant in Mattoon, Illinois to BURGER KING. BKF opened its first Illinois restaurant in Skokie (200 miles away from Mattoon) in July 1961, and obtained federal registration in October. In 1962, BKF opened a restaurant in Champaign, Illinois (50 miles from Mattoon), and litigation ensued. Quoth the court:

59. Burger King of Fla., Inc. v. Hoots, 403 F.2d 904 (7th Cir. 1968).

The Hoots restaurant in Mattoon

> We hold that [BKF's] federal registration of the trade mark BURGER KING gave them the exclusive right to use the mark in Illinois except in the Mattoon market area in Illinois where [the Hoots], without knowledge of [BKF]'s prior use, actually used the mark before [BKF]'s federal registration.[60]

That is, the Hoots' rights to use the BURGER KING mark were frozen geographically exactly as they stood as of the moment at which BKF obtained its federal registration: in the area immediately around Mattoon. They had rights in that area under the *Tea Rose/Rectanus* doctrine, notwithstanding BKF's earlier use in other states. But BKF's registration gave it rights everywhere in the United States, including the rest of Illinois.

Burger King's logo

A natural corollary of the rule that registration establishes nationwide priority is that a registration blocks subsequent registrations for the same mark on the same goods. Section 2(d) of the Lanham Act prohibits registrations of "a mark which so resembles a [registered] mark . . . as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive."[61] There is an important proviso, which is that concurrent registrations for the same mark are allowed when the respective uses would be nonconfusing. This could be because they are on unrelated goods (SPRAMP for children's clothing versus SPRAMP for welding equipment), or because there are geographic restrictions on use (east versus west of the Missisippi.

Logo used by Burger King's franchisee in Australia. Can you guess the backstory?

60. *Id.*

61. Lanham Act § 2(d).

Intent to Use

A system of registration based on actual use sufferes from a timing problem. You're only allowed to register a mark after you own it through use it in commerce What if you start using the mark in Seattle on Monday and register it on Wednesday, but someone else starts using it in Baltimore on Tuesday? Or worse, what if they get wind of your plans and start using it on Tuesday and register it that same day? This is a headache for local restaurants and convenience stores; it is a nightmare for national brands planning major product launches, because of the risk of an interloper jumping in line between the company commits its marketing pipeline to a mark and when it has enough use to register the mark.

Another downside of registration based on actual use is that the system all but guarantees litigation over which uses are sufficient to create enough rights for registration. In *Blue Bell, Inc. v. Farah Manufacturing Co., Inc.*, for example, two competing companies tried to launch TIME OUT lines of menswear.[62] Farah shipped one pair of TIME OUT slacks to each of twelve regional managers on July 3, 1973. Meanwhile, Blue Bell slapped TIME OUT labels on several hundred pairs of its existing MR. HICKS slacks and shipped them out starting on July 5. Farah started shipping to customers in quantity in September and Blue Bell started in October. Farah won, based on its September shipments, but that is beside the point. It was an embarassment that the trademark system let things get to this point at all. Companies selling millions of dollars worth of goods in good faith should not find themselves locked in a trademark conflict where priority turns on such minute and hard-to-predict details.[63]

This is the problem that federal ***intent-to-use applications*** under Lanham Act section 1(b) solve:

> A person who has a *bona fide intention*, under circumstances showing the good faith of such person, *to use a trademark in commerce* may request registration of its trademark on the principal register hereby established by paying the prescribed fee and filing in the Patent and Trademark Office an application . . . [64]

There is no requirement that the applicant be an "owner" or have "made" a use in commerce. All that is required is the "intent" to use the mark in commerce.

By itself, an intent-to-use filing (or ***ITU***) creates no new federal rights. It is a placeholder. To create trademark rights, the applicant must file a "verified statement that the mark is in use in commerce."[65] That is, they must have made a use in commerce, and file a follow-up ***statement of use***. With that misisng piece filled in, the registration can go forward, and if it issues, the effective priority date of the registration is *retroactive* to the date the ITU was filed. The statement of use is due within six months of the "notice of allowance" issued by the USPTO to confirm that the mark is registrable (except for the part about actually being used in commerce yet).[66] This time can be extended as of right for another six months upon request, and for another two years after that for good cause shown.[67]

Thus, the ITU effectively holds an applicant's place in line. This

62. Blue Bell, Inc. v. Farah Mfg. Co., Inc., 508 F.2d 1260 (5th Cir. 1975).

63. The pre-AIA first-to-invent system in patent law was subject to a similar critique.

64. Lanham Act § 1(b)(1) (emphasis added)

65. Lanham Act § 1(d).

66. Lanham Act § 1(d)(1)

67. Lanham Act § 1(d)(1)

effecively creates a safe strategy for starting use of a new trademark. Pick your new trademark, and conduct a search to make sure that it's not already registered or in use. Then file your ITU. You now have six months – plus another six if needed – to start using the mark and to file the statement of use. This is sufficient for an orderly rollout. Moreover, the ITU will be published, giving other businesses fair warning of your intention and waving them off from choosing the same mark. To be sure, you must now publicly disclose the mark before you start using it, which can provide a tipoff about your future plans – but if you don't like that tradeoff, you're always welcome to skip the ITU and take your chances with a section 1(a) application based on actual use.

For an illustration of ITUs – and a review of everything we have covered about trademark use and priority, consider *Kelly Services, Inc. v. Creative Harbor, LLC [I]*, a dispute about trademark rights in WORKWIRE.[68] In 2013, Kelly Services started developing an iPad app to provide users with information on job placement services. It finished developing the app on February 4, 2014 and submitted it to Apple's App Store approval process under the name WORKWIRE. Apple rejected the application on February 10 due to a metadata problem; Kelly fixed the issue and resubmitted on February 11. Apple approved it on February 17 and designated it "ready for sale." It was first actually available to App Store users at 8:11 PM EST on February 19, and was first downloaded by a consumer on February 20.

68. Kelly Servs., Inc. v. Creative Harbor, LLC [I], 124 F. Supp. 3d 768 (E.D. Mich. 2015).

Kelly's WorkWire app logo

Creative Harbor's WorkWire logo

Meanwhile, Creative Harbor independently came up with a similar app idea in September 2013, and its attorney advised that the WORKWIRE trademark was available on February 16, 2014. It filed a pair of ITUs for WORKWIRE on February 19, at 6:28 and 7:56 PM EST. But when Creative Harbor tried to make the app available on the App Store, Apple rejected it because the WORKWIRE name was already in use for Kelly's app. Creative sent a cease-and-desist letter to Kelly; in response, Kelly sued for a declaration that it owned the mark.

Without the ITUs, Kelly would be the clear winner. Consumers had been viewing, download, and using its app under the WORKWIRE mark. Sales – which Kelly had as of the first download on February 20, 2014 – definitely count. So do offers to sell – which Kelly had as of February 19, when its app went live on the App Store. On the other hand, as of the time of litigation, Creative Harbor had not even made a use in commerce. Indeed, Kelly's use-based rights are effectively nationwide, as the App Store is available everywhere and the app was marketed to users across the country.

A properly completed ITUs, however, confers a right of priority as of the date and time of filing:. Creative Harbor filed its second ITU by 7:56 PM EST on February 19. And *at that moment*, Kelly had not made a use in commerce. It had submitted the app to Apple, but Apple is not a purchaser of the app – Apple's role is more akin to a trucking company carrying a product to retail stores than it is to a retail store that buys the product and then resells it to consumers. Submitting the app to Apple was not an "open" use "to the relevant class of purchasers or prospective purchasers." The app didn't go live until 8:11 PM EST – a painfully close *fifteen minutes* after Creative's ITUs were filed.

Thus, Creative had priority *if and when* it used the mark in commerce and filed its statement of use. Creative did not have trademark rights immediately: it could not sue Kelly for infringement on February 20 when Apple listed Kelly's app. It would have rights only when it links up actual use to its ITU. If it never made that use, or neglected to file the statement, Kelly's common-law rights would prevail.

In a twist, however, Creative never did check the final box. In a subsequent decision, the court invalidated the ITU for lack of bona fide intention:[69]

> The evidence makes clear that Creative Harbor had a "firm" intent to use the Mark in connection with an iPhone application that connected job seekers with employers. But evidence that Creative Harbor intended to use the Mark with respect to *some* of the goods and services listed in the Creative ITUs does not contradict Kelly's evidence that Creative Harbor lacked a firm intent to use the Mark on several of the *other* services and goods listed in the ITUs. Kelly has identified sworn deposition testimony by Creative Harbor's CEO Christian Jurgensen indicating that (1) in many respects, Creative Harbor merely intended to reserve a right in the Mark and (2) Creative Harbor lacked a firm intent to use the Mark with respect to several of the goods and services listed in the Creative ITUs. Kelly directs the Court to the following representative portions of Mr. Jurgensen's testimony:
>
> - Mr. Jurgensen conceded that at the time his attorney drafted the Creative ITUs he (Jurgensen) "had clear ideas for some of them, and some of them were meant for future exploration."
> - In the Goods ITU, Creative Harbor stated that it intended to use the Mark with "computer game software," but Mr. Jurgensen testified that Creative Harbor did "not" intend to use the Mark "with a game."
> - In the Services ITU, Creative Harbor said that it intended to use the Mark in connection with "business consulting" services, but Mr. Jurgensen conceded that he "wanted to make sure [that] was there included" because the company "could" perhaps perform those services "at some point" in the future.
>
> Critically, Creative Harbor has not identified any *objective* evidence that it had a bona fide intent to use the Mark in connection with many of services and goods listed on the Creative ITUs, such as employee relations information services, business consulting services, professional credentialing verification services, computer game software, and/or computer

69. Kelly Servs., Inc. v. Creative Harbor, LLC [II], 140 F. Supp. 3d 611 (W.D. Mich. 2015).

> hardware for integrating text and audio.

Because of the overbreadth, the appropriate remedy was to invalidate the ITUs in their entirety.

The United States is distinctive in having a trademark system based on use, rather than one based solely on registration as in the rest of the world. A registration-based system provides the clarity that avoids quagmires like *Blue Bell*. But, according its fans, the U.S. used-based system is fairer to small busineses that have been using a mark innocently without registering it; they build up common-law rights that allow them to continue with their existing business name and branding. The ITU system gains some of the clarity of the registration system, arguably without sacrificing the reliance interests protected by a use-based system.

Another argument often made in favor of the American use-based system is that it prevents trademark squatting. An applicant could simply register thousands of attractive trademarks and then sell them to businesses that want to use them. Section 1(a) actual use registrations limit such behavior by requiring real use on real goods. ITUs under section 1(b) seem to undercut that policy by allowing trademark squatters to grab marks before actually using them. One response to this concern is that section 1(b) requires "good faith," and an ITU without an intent to use the mark oneself is not made in "good faith." The USPTO, however, tends to crack down on abusive mass filings, ultimately taking steps such as suspending the offenders from practice before it. Creative Harbor's ultimate loss for overclaiming the goods on which it intended to use the mark is a good example. At the USPTO, pigs get fat, and hogs get slaughtered.

3 Collaborations

Now that we have dealt with priority among unrelated competing uses of a mark, let us turn to ownership of a mark within a collaboration. The basic rule in trademark is that

> [U]se of the mark inures to the benefit of the party who controls the nature and quality of the goods or services. This party is the owner of the mark and, therefore, the only party who may apply to register the mark.[70]

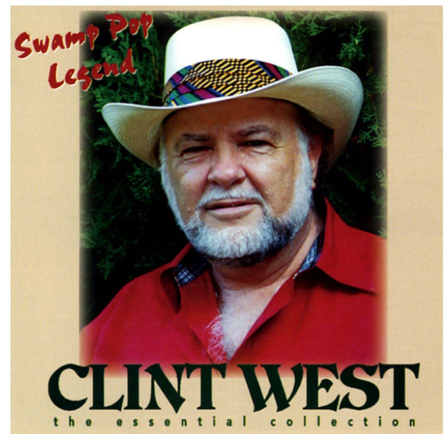
70. TMEP, *supra* note 17, § 1201.03.

This rule follows naturally from the trademark dogma that trademark rights flow from goodwill. But it requires a little care in application in dealing with organizations.

In typical employer-employee cases, matters are straightforward. The employee who sells goods in the employer's stores or places ads using the employer's mark is doing so as the employer's agent, so their actions inure to the benefit of the employer. Individual employees sell BUILD-A-BEAR stuffed animals, but Build-A-Bear Workshop, Inc. owns the trademarks and the associated goodwill. And where there is a written agreement dealing with trademark ownership as among parties, it typically controls. Many large corporations, for example, have a subsidiary that holds the trademarks (and other IP assets) for tax purposes, and licenses them back to the parent corporation and its operating subsidiaries. This is completely kosher for trademark purposes.

Issues tend to arise where there is no written agreement in place. Consider *Boogie Kings v. Guillory*, a case about the ownership of the mark THE BOOGIE KINGS for a band.[71] Douglas Ardoin and Harris Miller formed the band in 1955 and invited other musicians to join until by 1964 it had ten members.. The group delegated many responsibilities to an elected bandleader, but made most major decisions by majority vote. Ardoin was the first leader, then Miller, then Ardoin again, and then Miller again after Ardoin left the band in 1963 and stopped playing music entirely. Following a dispute over a gig, Miller left in May 1964. At this point, the rest of the band elected drummer and vocalist Clinton ”Clint West” Guillory, who had joined the band in 1963, as the new leader. He had the group start playing at a club he had an interest in, the Moulin Rouge, which led to tension among the group. The other nine members voted in 1965 to go back to playing gigs at their previous club, the Bamboo Club. When the dust settled, nine musicians were playing at the Bamboo Club as THE BOOGIE KINGS and West was playing with nine new musicians at the Moulin Rouge Club as CLINT WEST AND THE BOOGIE KINGS. At no point in any of this did the band have written agreements with each other, let alone a written understanding of who owned the trademark.

71. Boogie Kings v. Guillory, 188 So.2d 445 (La. Ct. App. 1966).



Clinton ”Clint West” Guillory

The Boogie Kings, circa 1965

Trying to analyze the case in terms of whether West controlled the use of the THE BOOGIE KINGS mark is a recipe for frustration. If you start down that road, you have to also ask whether Ardoin and/or Miller took ownership of mark with them when they left the band. (West argued that Ardoin abandoned the mark by retiring for music, and that Miller specifically gave West the exclusive right to the mark.)

The secret to *Boogie Kings* and cases like it is that they are not really trademark cases. They are cases about the law of unincorporated associations, because looking at the structure of the Boogie Kings as an organization is the way to understand whether West was acting in his own capacity or as an agent of the organization when he booked gigs. And from this perspective, the answer was clear:

> In our opinion, this band, when first organized in 1955, became an unincorporated association, and it has continued to be such an organization since that time. The evidence convinces us, as it apparently did the trial judge, that the original trade name, “The Boogie Kings,” was adopted by mutual agreement of the members of the band, that a proprietary interest in that name became vested in the band, as an unincorporated association, and that it did not become vested in any individual member of that band. Miller, therefore, had no right or authority to “give” or to transfer to defendant Guillory the exclusive right to use that name.

> Dissatisfied members of an association cannot deprive it of the right to use its own name by incorporating themselves thereunder, and enjoining it from using the same. We conclude that Guillory acquired no right to use the trade name of the band, either from Miller or from the circumstance that he had been elected as leader of the band.[72]

72. *Id.*

Exactly so. The Boogie Kings collectively owned the THE BOOGIE KINGS mark as an unincorporated association, and understanding who succeeed to the late-1964 band's rights following the split in 1965 requires understanding who continued to control *the unincorporated association*. Other band-breakup cases might be close, but this one wasn't: it was the nine members, rather than the one dissident, who continued to constitute The Boogie Kings, and therefore continued to own the THE BOOGIE KINGS mark.

C Procedures

Trademark procedure is intermediate between patent's rigorous examination and copyright's minimal processing.

1 Registration

Many of the components of a trademark registration application are tedious (if necessary) paperwork, but a few are important enough to mention. Obviously, the applicant must identify the mark, which for a design mark requires an image of the mark. In addition, they must "specify the particular goods and/or services on or in connection with which the applicant uses, or has a bona fide intention to use, the mark in commerce."[73] It is important that the ***specification*** of goods or services be accurate. Too broad a specification can invalidate a registration, as seen in *Kelly Services, Inc. v. Creative Harbor, LLC [II]*. In addition, the USPTO requires that the goods or services be ***classified*** in terms of the precise, if idiosyncratic International Trademark Classes published by the World Intellectual Propery Organization.[74] Specification and classification facilitate trademark searches. Note that the mark owner's rights are not strictly limited to the registered classes or the specific items they identify.

73. TMEP, *supra* note 17, § 1402.01.

74. *Id.* § 1401.03.

The applicant must substantiate their claims of use by providing ***specimens*** of the mark in use – one for each ITC class. The TMEP explains:

> [T]he specimen must show the mark as used on or in connection with the goods in commerce. A trademark specimen should be a label, tag, or container for the goods, or a display associated with the goods. A photocopy or other reproduction of a specimen of the mark as used on or in connection with the goods is acceptable.[75]

75. *Id.* § 904.03.

Some trademark attorneys have been tempted to cheat on their specimens by Photoshopping the mark on to stock photos of relevant goods.

Please do not do this. It is fraud on the USPTO. It can lead to invalidation of your registrations and to severe disciplinary sanctions.

When an application is filed, it is referred to a trademark examiner who performs a substantive ***examination*** to confirm that the mark is distinctive, not confusingly similar to existing registrations, not subject to any other exclusions, is properly classified and specified, and so on. The process resembles patent examination, with correspondence flowing back-and-forth between applicant and examiner, but is substantially less rigorous. If the examiner rejects the application, the applicant can request reconsideration, in which case the file goes to another examiner. If they too reject the application, the applicant can appeal to the trademark equivalent of the PTAB, the Trademark Trial and Appeal Board. The TTAB's members are administrative judges and PTO officials. If the TTAB also rejects the application, the applicant can have the decision reviewed either by a federal district court or by the Federal Circuit.[76]

76. 15 U.S.C. § 1071.

When a trademark examiner agrees that a mark is "entitled to registration," the mark is published in the Trademark Official Gazette.[77] New trademarks drop every Tuesday. If there is no opposition (more on this below) within 30 days, the USPTO will issue a registration certificate, and the applicant's federal trademark rights become effective.

77. Lanham Act § 12.

The owner of a registered mark may provide ***notice*** of the registration. The full official form of notice is "Registered in United States Patent and Trademark Office," but everyone just uses the registered-trademark symbol ®. Don't put this notice on your products if the mark is not registered; it's a species of fraud. You *can* use the trademark symbol ™ or the term "trademark" on on their products whether or not you own a trademark registration. As my trademarks teacher, Stephen L. Carter, quipped one day in class, "™ means 'I hope you agree with me that I have rights in this mark.'" It signals to to viewers that you are attempting to use the term as a trademark and that you purport to claim rights in it, but does not create any rights or put them on any kind of official notice.

Types of Marks

The USPTO distinguishes among four types of marks. So far we have been dealing with ***trade marks*** for goods and ***service marks***. The distinction matters for two reasons. One is precision; if you want to sound like a fancy-pants intellectual-property attorney, it helps to be able to throw around terms like "service mark" with confidence.[78] The other is ***affixation***. A trade mark must be physically printed on the goods, or on their containers or packaging, or on labels or tags, or on clear point-of-sale displays.[79] This kind of affixation is often not possible for service marks, because services themselves are intangible. Thus the rule is looser: the mark must be "used in the sale of the services, including use in the performance or rendering of the services, or in the advertising of the services."[80]

78. As a further persnickety distinction, I think it is most precise to use "trade mark" with a space when distinguishing trade marks from service marks, and "trademark" with no space when referring generally to trade marks and service marks together. Sadly, almost no one agrees with me.

79. 37 C.F.R. § 2.56(b)(1)

80. 37 C.F.R. § 2.56(b)(2)

The third type of mark is a ***collective mark***, which is used by the members of an association.[81] The mark is *owned* by the collective entity but *used* by its members, which is the kind of distinction only a lawyer could love. In practice, there are two subtypes of collective marks:

> A ***collective trademark*** or collective service mark is a mark adopted by a "collective" (i.e., an association, union, cooperative, fraternal organization, or other organized collective group) for use only by its members, who in turn use the mark to identify their goods or services and distinguish them from those of nonmembers. The "collective" itself neither sells goods nor performs services under a collective trademark or collective service mark, but the collective may advertise or otherwise promote the goods or services sold or rendered by its members under the mark. A collective membership mark is a mark adopted for the purpose of indicating membership in an organized collective group, such as a union, an association, or other organization. Neither the collective nor its members uses the collective membership mark to identify and distinguish goods or services; rather, the sole function of such a mark is to indicate that the person displaying the mark is a member of the organized collective group.[82]

The fourth type of mark is a ***certification mark***, about which more in the False Advertising chapter.

Exclusions

Section 2 of the Lanham Act excludes a variety of trademarks from being registrable. We will discuss these exclusions in scattered sections, where they are most relevant,[83] but you should read all of Section 2 together, top to bottom, at least once in your professional life.

> No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it –
>
> (a) Consists of or comprises
>
> immoral, deceptive, or scandalous matter;
>
> or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt, or disrepute;
>
> or a geographical indication which, when used on or in connection with wines or spirits, identifies a place other than the origin of the goods . . .
>
> (b) Consists of or comprises the flag or coat of arms or other insignia of the United States, or of any State or municipality, or of any foreign nation, or any simulation thereof.

81. Lanham Act § 45.

REALTOR collective service mark.

Sheet Metal Workers International Association collective membership mark.

82. Aloe Creme Labs., Inc. v. Am. Soc'y for Aesthetic Plastic Surgery, Inc., 192 U.S.P.Q. 170 (TTAB 1976).

83. For example, the exclusions that have to do with the names and identities of people will be discussed in the People chapter.

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual [or deceased President during their surviving spouse's lifetime] except by [their] written consent . . .

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent and Trademark Office, or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive: [Provided that concurrent registrations are allowed when no confusion is likely to result as a result of limitations imposed on "the mode or place of use of the marks or the goods," by consent, or by court order.]

(e) Consists of a mark which

(1) when used on or in connection with the goods of the applicant is merely descriptive or deceptively misdescriptive of them,

(2) when used on or in connection with the goods of the applicant is primarily geographically descriptive of them, except as indications of regional origin may be registrable under section 1054 of this title,

(3) when used on or in connection with the goods of the applicant is primarily geographically deceptively misdescriptive of them,

(4) is primarily merely a surname, or

(5) comprises any matter that, as a whole, is functional.

(f) Except as expressly excluded in subsections (a), (b), (c), (d), (e)(3), and (e)(5) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. . . . [84]

84. Lanham Act § 2 ()

Unfortunately, the language here is not arranged in an entirely logical order. Here is a quick reorganization:

- Sections (e)(1) and (f) restate the common-law doctrine of descriptive and generic trademarks. Section (e)(1) says that "merely" descriptive marks are not protectable, but section (f) adds that marks that have "become distinctive" (i.e. acquired secondary meaning) are. When you add in the trademark rule that generic marks are considered incapable of acquiring secondary meaning as a matter of law, you recover the common-law rules that descriptive marks are protectable when and only when they have secondary meaning, and that generic marks never are.
- Section (d) restates the basic rules of priority. Marks in actual or constructive use have priority over later-filed applications.

- Section (e)(5) excludes the registration of "functional" matter, i.e. that does something rather than communicating something.[85]
- Sections (c) and e(4) put limitations on the use of names and individual identities as trademarks.[86]
- Sections (a) ("deceptive") and (e)(1) ("deceptively misdescriptive") are false-advertising policies that prevent the registration of misleading trademarks.[87]
- Sections (a) ("geographical indication" for wines or spirits), (e)(2), and (e)(3) deal with the special case of false advertising about the geographic origins of products.[88]
- Sections (a) ("falsely suggest a connection") and (b) are a false-endorsement rules; a trademark cannot imply that they have been approved by or are affiliated with people or institutions where no such affiliation exists. The flag/coat of arms/insignia rule in (b) is an absolute prohibition in an important special case of the general rule in (a).[89]
- Section (a) ("disparage . . . or bring them into contempt, or disrepute") is a dead letter after in *Matal v. Tam*, in which the Supreme Court held that the exclusion was an unconstitutional restriction on speech.[90] The case involved a dance-rock band, The Slants, formed by Simon Tam and with an entirely Asian-American membership, who picked their name as a way of reappropriating a racial slur and campaigning for social justice. Other beneficiaries of the ruling in *Matal* included the Washington Football Team, whose former name – a offensive term for Native Americans – had been the subject of decades-long activism.[91]
- Section (a) ("immoral . . . or scandalous") was held unconstitutional in *Iancu v. Brunetti*.[92] That case involved a clothing line called FUCT, allegedly "pronounced as four letters, one after the other: F-U-C-T," but easily confused with a common profanity.[93]

Opposition

An important difference from patent procedure is that trademarks are subject to adversary procedings at every stage. Following the initial publication of an application, any person "who believes that [they] would be damaged by the registration" – typically someone whose mark is similar to the proposed mark – can file an ***opposition*** within 30 days.[94] In case of opposition, the TTAB conducts a mini-trial. The parties can conduct discovery, take deposition, and submit written filings. There is no live testimony, but there is oral argument on motions. The issue in a TTAB proceding can be slightly different than the issue in trademark infringement litigation, because "contested registrations are often decided upon a comparison of the marks in the abstract and apart from their marketplace usage."[95] But in many cases, the TTAB's ruling will have effects beyond deciding whether the particular trademark should be registered. In *B&B Hardware, Inc. v. Hargis Industries, Inc.*, for example, the TTAB's

85. Discussed in the Design chapter.
86. Discussed in the People chapter.
87. Discussed in the False Advertising chapter.
88. Discussed in the False Advertising chapter.
89. These policies are discussed in the material on Section 43(a) below.
90. Matal v. Tam, 137 S.Ct. 1744 (2017).
91. While the legal campaigns against the former name under section 2(a) failed in court, they helped lay the groundwork for the team's name change in 2020 following the George Floyd protests.
92. Iancu v. Brunetti, 139 S. Ct. 2294 (2019).
93. *Id.* at 2297.
94. Lanham Act § 13.
95. B&B Hardware, Inc. v. Hargis Indus., Inc., 135 S.Ct. 1293 (2015) (Ginsburg, J. concurring).

conclusion that SEALTITE was confusingly similar to SEALTIGHT was conclusive of the issue in subsequent litigation between the same parties.[96]

96. *See id.; see also* B&B Hardware, Inc. v. Hargis Indus., Inc., 800 F.3d 427 (8th Cir. 2015) (on remand).

Even after a trademark registration issues, "any person who believes that he is or will be damaged by the registration" can file for ***cancellation*** of the registration.[97] Cancellation petitions also result in mini-trials before the TTAB. Within the first five years, a cancellation petition can be filed for any reason that could have been a basis for refusing a registration in the first place. After that, as long as "the registered mark has been in continuous use," it becomes ***incontestable***.[98] The term is a bit of misnomer because even an "incontestable" mark can still be canclled if it is generic, functional, or abandoned, or obtained fraudulently.[99]

97. Lanham Act § 14.

98. Lanham Act § 15.

99. Lanham Act § 14.

The real work of incontestability has to do with descriptive marks. "Merely descriptive" marks (i.e., without secondary meaning) are not supposed to be registrable, but mere descriptiveness is not among the available grounds for cancellation. In effect, after five years of registration, if the applicant files the proper paperwork, the mark's secondary meaning is presumed as a matter of law. In *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, the Supreme Court held that these parts of the Lanham Act mean what they say.[100] The plaintiff held an incontestable registration for PARK'N FLY and sued a competitor calling itself Dollar Park and Fly. Although the dissent called the plaintiff "just another anonymous, indistinguishable parking lot," the Court's majority held that the mark's alleged lack of secondary meaning was not a basis on which the mark could be cancelled.

100. Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189 (1985).

PARK 'N FLY

Park 'N Fly service mark

2 Term

Trademarks can have an indefinitely long term, as long as they are still being used. State common-law rights survive as long as the owner is using the mark and has goodwill. Federal registrations have a term of ten years, but they can be renewed indefinitely. The owner must file an affidavit of continuing use in the 6th and 10th year following registration, and then every 10th year thereafter.[101]

101. Lanham Act §§ 8,9

Trademark ***abandonment*** is an important way in which trademark rights can terminate. Almost any kind of property can be abandoned through a deliberate action. (Thus, for example, both patents and copyrights can be abandoned with an express dedication to the public domain.) But because trademark rights depend on use, they can also be lost through *inaction*. The GALT HOUSE mark was lost through continuous non-use over many years.

The Lanham Act explicitly states that a mark is deemed abandoned "[w]hen its use has been discontinued with intent not to resume such use."[102] Be careful to distinguish an intent to shut down the business at some point in the future (*not* abandonment) from actual cessation of use (abandonment). For example, a store that remains open for a liquidation sale, or a manufacturer that is selling off the remaining inventory from its warehouse, has *not* yet abandoned its marks. But when abandon-

102. Lanham Act § 45.

ment does occur, the loss of trademark rights is immediate, even though consumers may still have residual goodwill from the mark: Thus, one source of litigation over putatively abandoned marks is whether an owner whose business has ceased intends to restart it or not.

The Lanham Act adds, "Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment." It thus shifts the burden of establishing intent to resume to the mark owner after three years. In many cases, where there simply is no evidence one way or another on the owner's intent other than their self-interested testimony, this presumption can be conclusive.

A harder probelm has to to with ***token uses*** made to reserve rights in a mark that the owner is not extensively exploiting. Because complete non-use results in loss of rights and registration, owners that anticipate perhaps someday revising the brand will try to keep a faint flame flickering to preserve their rights. The Lanham Act tries to deal with this situation by saying that for abandonment purposes, use "means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark."[103]

103. Lanham Act § 45

ESSO mark in use.

These trademark maintenance programs vary. The Standard Oil of New Jersey Company mostly stopped using the ESSO mark when it renamed itself Exxon, but it still uses the ESSO brand on its diesel pumps to prevent abandonment. There is no serious question that this is sufficient. On the other hand, Procter & Gamble lost its rights in ASSURE for mouthwash and shampoo by parking them in a "Minor Brands Program" that involved slapping ASSURE labels on other P&G products and shipping out 50 cases once a year. Total sales over a decade were $491.30 for the shampoo and $161.50 for the mouthwash. The court called this use "sporadic, nominal and intended solely for trademark maintenance."[104]

104. Procter & Gamble Co. v. Johnson & Johnson Inc., 485 F.Supp. 1185 (S.D.N.Y. 1979).

D Infringement: Confusion

Unlike in other areas of IP, it is not so easy to divide trademark infringement into "similarity" and "prohibited conduct." The reason is that trademark liability turns on consumer perceptions, and similarity of marks is only one factor going into what consumers believe. Their familiarity with the plaintiff and its trademark, the care they take when shopping, and the similarity or difference between plaintiff's and defendant's goods, are all among the factors that can determine whether consumers are confused when confronted with the defendant's trademark in an actual marketplace context.

Instead, it is more helpful to divide (direct) trademark infringement into the factual question of whether the defendant's activities create a *likelihood of confusion* among consumers,[105] and the legal question of what kinds of confusion are legally actionable. The former typically turns on multifactor balancing tests and empirical questions about consumer perception. The later typically are stated as categorial rules that

105. It is commonly said that dilution is not a confusion-based theory of liability, since the gravamen is the harm is harm to the mark itself. I have never understood this claim. Consumers are still confused, they're just confused about something else: the mark itself. The same goes for other supposedly "non-confusion based" theories of liability.

certain kinds of conduct can and cannot give rise to liability. This approach preserves the standards-vs.-rules distinction in breaking down infringement in other areas.

The paradigm theory of trademark confusion is *point-of-sale confusion about the source of goods*: at the moment the consumer hands over her money, she thinks she's getting the plaintiff's goods or services, but is actually receiving the defendant's. So we begin by studying the standard multi-factor test for point-of-sale confusion about source. Every circuit has its own list of factors; they differ in the details but mostly ask the same questions.

The next section will take up other theories of confusion. For the most part, we will not separately consider the multi-factor balancing tests they employ. First, the tests are generally variations on the basic test described in this section; getting into the details of the differences adds little insight. Second, once one leaves the calm waters of point-of-sale confusion about source for the choppy seas of other theories of liability, the multi-factor tests are mostly useless. The factors cited by courts are undertheorized and often have only tenuous connections to the questions they are supposed to help answer.

The standard for infringement of a registered mark in section 32 of the Lanham Act is whether the defendant's use "is likely to cause confusion, or to cause mistake, or to deceive."[106] For most practical purposes, this is the standard under state trademark law as well. This ia test of *consumer behavior*, not a pure *similarity* test, as in copyright and patent. Similarity of the marks is highly relevant, but it is not conclusive, because it is not the ultimate question: whether consumers would be confused about the source of goods. There are causes of action for unregistered marks under state and federal law. But in practice, the tests for consumer confusion under all of these causes of action are effectively identical.

106. Lanham Act § 32(1)(a).

Consumer confusion stops short of consumer diversion: infringement can happen even if the number of sales the plaintiff lost to the defendant is minimal or nonexistent. There are two reasons for this. One is that proving actual diversion can be extremely hard – a truly deluded consumer never even realizes their mistake. Another is that on the search-costs theory of trademark law, there can real harm to the trademark owner even if consumers ultimately buy the correct item. If they have to spend a long time figuring out which one is which, driving up their search costs reduces the value of the plaintiff's goods to them.

Every circuit has its own list of factors bearing on likelihood of confusion, typically named after the case that first laid them out. The number varies, but their substance is almost always the same. The Second Circuit's eight *Polaroid Corp. v. Polarad Electronics Corp.* factors are reasonably representative.[107] They are:

107. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961).

- **The strength of the plaintiff's mark**: This factor measures how likely consumers are to think of the plaintiff when they see the mark. The more distinctiveness (inherent or acquired) a mark has, the stronger it is, and the more that this factor favors plaintiff. At the extreme, if the plaintiff's mark is not distinctive (i.e. is generic or merely descriptive), it has no rights in the mark at all, and loses before the case even gets to likelihood of confusion.

- **The similarity between the two marks**: This is the closest to a true similarity test. The more similar the marks are, the more this factor favors the plaintiff because the more likely consumers are to mistake one for the other. At the extreme of no similarity, the plaintiff loses outright because there is no possibility of confusion. Merely selling the *same thing* as a competitor is never trademark infringement, because trademark law does not protect goods and services, only the marks used to designate their source. At the extreme of identical marks, a plaintiff is highly likely to win, unless essentially all of the other factors line up for the defendant. It is common to look at the "sight, sound, and meaning" of the marks when assessing similarity. Consider the marks in *Sally Beauty Co., Inc. v. Beautyco, Inc.*: GENERIC VALUE PRODUCTS versus GENERIX. They are visually dissimilar: one is three words and the other is one word. Their sound is different when they are read aloud, unless GENERIC VALUE PRODUCTS is compressed to GENERIC. But their meaning is similar, because they both connote inexpensiveness. Note that these are all assessed in the context in which a consumer encounters the mark, so, e.g., visual similarities can depend on product packaging as well as on the marks themselves.
- **The similarity (or "proximity") of the products**: The more similar the plaintiff's and defendant's products are, the more this factor favors the plaintiff because the more likely consumers are to think that the two might be related. This factor is highly probative, but rarely conclusive on its own, in either direction. Another common factor, the **the likelihood of "bridging the gap"** is essentialy a subfactor of this one. If it is likely that the plaintiff might expand into selling products like the defendants', differences between the products become less significant. Consumers may be more likely to think that the defendant's products are simily a new line from plaintiffs.
- **Actual confusion**: Actual confusion by actual consumers making actual buying decisions obviously and strongly favors the plaintiff. It shows that confusion is so likely that *it has happened already*. But it is not conclusive on its own, especially if the reports of confusion are anecdotal. It is also not necessary; the plaintiff is not required to track down its' competitor's customers to prove that they have been confused.
- **Consumer sophistication**: The more sophisticated consumers in the relevant product market are, the more this factor favors the defendant, because the consumers are more likely to notice and understand the differences between the plaintiff's and defendant's products. For example, you take more care when buying a car

(a "search good") than buying a pack of gum (an "experience good"). This factor generally correlates with price: the more expensive the purchase, the more effort consumers put into making it. Sometimes this factor incorporates evidence about education, along with an assumption that educated consumers are more knowledgable and take more care when comparing products. Buyers of architectural drafting software tend to have more advanced education than buyers of T-shirts.

- **Defendant's good or bad faith**: In this context, a "bad faith" defendant knew of the plaintiff's mark and deliberately intended to use it to confuse consumers into thinking that their own products actually came from the plaintiff. A "good faith" defendant either didn't know about the plaintiff's mark, or knew about it but honestly believed that their own use of a similar mark was not likely to cause confusion. A defendant's bad faith doesn't directly bear on confusion: an intent to cause confusion is not necessarily evidence that the attempt succeeded. Still, courts are understandably harsher on defendants who intended to cause confusion.
- **Quality of the defendant's product**: This factor, despite regularly showing up on multi-factor lists, doesn't really tell us anything about likelihood of confusion. Differences in product quality are a bit relevant to the proximity of the products, but not strongly so. The better explanation for what this factor is doing here is that judges dislike defendants who harm the plaintiff's reputation by selling shoddy knock-offs. But when this is the case, the inferior quality of defendants' products goes to the damages resulting frrom the confusion, not to whether the confusion exists in the first place.

As an example of a multi-factor analysis, consider *Virgin Enterprises Ltd. v. Nawab*.[108] The plaintiff was Richard Branson's conglomerate, Virgin Enterprises Limited (or "VEL"), owned a registrations for a word-mark and stylized version of VIRGIN as applied to "retail store services in the fields of ... computers and electronic apparatus," along with the word mark VIRGIN MEGASTORE. Its business lines included an airline, record stores, computer games, books, and luggage. It had three megastores in the New York area, where it sold CDs, video game consoles, disposable cameras, DVD players, and more. In 1999, it started planning to offer cellular service in the United States under the name Virgin Mobile.

The defendants sold cell phones and telephone services in and around New York through a network of 400 wireless retailers. In 1999, they started planning to resell Sprint PCS cellular service under their own brand. They approached a lawyer to search possible service marks. According to defendants, one of the marks the law firm said was available was VIRGIN. The law firm associate, however, submitted an affidavit that she refused to search on VIRGIN because the firm already represented VEL.[109] They filed ITU applications with the USPTO for

108. Virgin Enters. Ltd. v. Nawab, 335 F.3d 141 (2d Cir. 2003).

The plaintiff's stylized mark

109. What do you think of the legal ethics here? Was the decision to search other marks but not VIRGIN too conservative, too aggressive, or exactly correct?

VIRGIN WIRELESS, VIRGIN MOBILE, VIRGIN COMMUNICATIONS, and VIRGIN NET in the field of telecommunications services, and signed a lease for a kiosk in the South Shore Mall on Long Island, where they would "re-sell AT&T wireless services, telephones, and accessories under the retail name Virgin Wireless." They later opened a two retail stores and four more kiosks, all under the name VIRGIN WIRELESS.

Meanwhile, VEL filed its own ITUs for VIRGIN mark for wireless telecommunications services in 2000 and for VIRGIN MOBILE in 2001. But the defendants' pending applications for the same marks put them on VEL's radar, and the USPTO found that there was a likelihood of confusion between the two sides' applications. As soon as it found out about the kisoks, VEL sued and asked for a preliminary injunction. Consider the likelihood of confusion factors:

- *Strength of the plaintiff's mark* favored VEL. The mark VIRGIN was arbitrary for cellular phones and cellular service, and the mark had extensive goodwill from long and widespread uses.
- *Similarity of the marks* favored VEL because the wordmarks were identical. To be sure, the logos were in different colors and different typefaces, but where the names were identical, these differences were less significant. Also notably, VEL advertised on the radio, where the visual differences were irrelevant. A consumer living near the South Shore Mall might hear the ads and assume that they came from defendants' kiosk.
- *Proximity of the products* favored VEL. While it had not sold cell phones or cell-phone service yet, it had sold similar consumer electronics, and consumers would naturally expect cell phones to be sold in the same kinds of stores. Indeed, the markets were so close that VEL actually was about to *bridge the gap* and expand into cell phones and cell-phone service (as it had already done in the United Kingdom).
- *Actual confusion* favored VEL. It submitted an affidavit from one of the defendants' former kiosk employees that potential customers would ask him if the kiosk was affiliated with the plaintiff's Virgin Megastores.
- *Sophistication of consumers* was neutral. On the one hand, retail consumers are less discriminating than professionals. On the other, cell-phone purchasers were likely to take greater care than supermarket shoppers.
- *Bad faith* was neutral, because the evidence was equivocal. Note that the alleged red flag from the trademark search does not by itself show bad faith; reason to suspect that there might be a conflicting mark is far from evidence of intending to capitalize on confusion about that mark.
- *Quality of the defendant's products* was also neutral, since there was no evidence of particularly notable quality or lack thereof.

All together, this was a powerful case of likelihood of confusion. The

Court of Appeals found that VEL was entitled to a preliminary injunction against the defendants' use of the VIRGIN marks.

E Infringement: Prohibited Conduct

Section 32(1)(a) of the Lanham Act gives an infringement suit against any person who "use[s] in commerce" a registered mark "in connection with the sale, offering for sale, distribution, or advertising of any goods or services" in a way likely to cause confusion.[110] Section 43(a) ((discussed in more detail below) also gives a federal cause of action for infringement of *unregistered* marks – and both of them coexist with state-law causes of action for trademark infringement. We will not discuss the substantive and jurisdictional distinctions between them in the present edition of these materials.

110. Lanham Act § 31(1)(a)

1 Threshold Conditions

The language "use in commerce ... in connection with the sale, offering for sale, distribution, or advertising of any goods or services" creates one and arguably two threshold conditions for liability. The one that definitely exists is ***commercial use***: wholly noncommercial uses of a trademark can never constitute infringement. The one that is harder to pin down is ***use as a mark***: some uses may not use the mark for its source-identifying function.

a Commercial Use

"Use in commerce" under the Lanham Act is broad, and catches many activities that would be considered noncommercial as a matter of ordinary usage and constitutional law. But not all of those uses are "in connection with the sale [etc.]" of goods. Courts generally interpret this language *not* to cover any noncommercial use by the defendant. Use of a mark to "propose a commercial transaction" – canonically, on a product being offered for sale on store shelves – is clearly commercial.[111] Also commercial are uses in advertising, or when the alleged infringer is referencing a particular good or service with a demonstrated economic motive.

111. Bolger v. Youngs Drug Prods. Corp., 463 U.S. 60 (1983).

But other kinds of uses of marks in speech are not commercial. In *Radiance Foundation, Inc. v. NAACP*, the nonprofit Radiance Foundation took a Christian perspective on issues affecting African-American communities.[112] It created websites at TheRadianceFoundation.org and TooManyAborted.com, to promote its positions, which included a strong opposition to abortion. It took Paypal donations on its sites, and used the money to pay for billboard campaigns promotin the site. In 2013, its founder, Ryan Bomberger, wrote an article on the Foundation's websites criticizing the National Association for the Advancement of Colored People, a prominent civil-rights organiation. The NAACP works to promote "the political, educational, social, and economic equality of all citizens," but Bomberger strongly opposed its position on abortion. The article was titled "NAACP: National Association for the Abortion of Colored People," and the NAACP sued for trademark infringement.

112. Radiance Found., Inc. v. NAACP, 786 F. 3d 316 (4th Cir. 2015).

One of Radiance's ads

Radiance's use of the NAACP mark, however, was not "in connection" with goods or services. Radiance did not pass itself off as the NAACP, or use the mark to confuse consumers about the source of its own services. Instead, it used the NAACP mark to *criticize* the NAACP. This kind of discussion *about* the mark owner is different from the commercial *use* of the mark itself as a designation of source. Note that this is a place in which the standard multi-factor likelihood of confusion test could go awry: the marks were identical and the work of the two nonprofits were related. But this kind of commentary on a mark owner does not even get to the likelihood of confusion test; it is simply exempted from liability by the Lanham Act.

Plaintiffs in this kind of noncommerical-commentary situation frequently make a number of arguments, all of which the court rejected. Some Google users might be divered to Bomberger's article instead of the NAACP's site. But that diversion was, if at all, in connection with the NAACP's services, not with Radiance's. Nor was the service of "providing information" – at least on the facts here – the kind of service to which the Lanham Act applies. Otherwise all speech on all topics would be subject to trademark liability. And third, the "Donate" buttons on Radiance's sites were "too attenuated" to make the use commercial. As the court said:

> Although present on the article page, the Donate button was off to the side and did not itself use the NAACP's marks in any way. The billboard campaign was displayed on a different page altogether. A visitor likely would not perceive the use of the NAACP's marks in the article as being in connection with those transactional components of the website.[113]

113. *Id.*

If this language strikes you as less than categorical, you are right. The court was careful to hedge its langauge here because use of trademarks in fundraising *can* support Lanham Act liability.[114] There is a *noncommercial use* exception to trademark infringement, not an exception for *nonprofits*. If the Radiance Foundation sold diversity consulting services under the NAACP mark, that would be commercial use. And even just asking for money can be sufficiently commercial; if the Radiance Foundation pretended to be the NAACP when soliciting donors, that too would be sufficiently commercial. The point is that Radiance truly was talking about the NAACP, rather than trying to pass off anything using the NAACP mark.

114. Indeed, we will see such a case shortly.

b Use as a Mark

A few courts have sometimes read something more into the language "use in commerce": there can be no liability unless the mark is "used or displayed in the sale or advertising of services." That language comes not from section 32, the infringement section, but from section 45, the definitions section, which provides the definition of "use in commerce" used in the Lanham Act to describe the uses that lead to trademark rights. (I.e. they borrowed a definition from the protection side of trademark law to use on the infringement side.)

In *1-800 Contacts, Inc. v. WhenU. Com, Inc.*, for example, WhenU distributed a browser toolbar to users that would display pop-up ads based on the searches the user conducted and the websites they visited.[115] If the user did a search for "eye care" or browsed to 1800contacts.com, for example, the toolbar would pop up an ad for another eyecare company in a new window. The court reasoned that the popup ads were clearly disclosed as not being part of the websites they were triggered by, and that WhenU's "internal utilization of a trademark in a way that does not communicate it to the public is analogous to a individual's private thoughts about a trademark," and hence noninfringing.[116] Thus, WhenU did not infringe the 1-800-CONTACTS mark by showing popup ads triggered by browsing to 1800contacts.com.

115. 1-800 Contacts, Inc. v. WhenU. Com, Inc., 414 F.3d 400 (2d Cir. 2005).

116. *Id.* at 409.

But four years later in *Rescuecom Corp. v. Google Inc.*, the same court held that Google's keyword-triggered search ads could be infringing.[117] The plaintiff used the RESCUECOM mark for computer-repair service, and competing computer-repair services purchased the keyword "rescuecom" on Google, so that their ads would appear in a user's search for "rescuecom." In addition, Google's Keyword Suggestion Tool would sometimes suggest that companies buy ads triggered by "rescuecom," given the other search terms they were also purchasing ads against. This was different from *WhenU. Com*, because the Google ads on "rescuecom" were triggered by the exact mark, whereas the ads appearing against 1800contacts.com were not triggered by the 1-800-CONTACTS itself. This is a thin reed, and even thinner after *Booking. com BV*, which further blurred the line between trademarks and domain names. In addition, the court noted WhenU offered advertisers only broad categories (like "eye wear"), whereas Google sold individual trademarks as keywords, and even suggested them. Thus, Google displayed the mark *to advertisers*.

117. Rescuecom Corp. v. Google Inc., 562 F.3d 123 (2d Cir. 2009).

These may seem hair-splitting, so perhaps it is best to read *Rescuecom* as confining *WhenU. Com* to its facts, or even overruling it in all but name. The court was highly concerned to avoid a rule that internal software uses were *per se* exempt from Lanham Act scrutiny. As it explained:

> If we were to adopt Google and its amici's argument, the operators of search engines would be free to use trademarks in ways designed to deceive and cause consumer confusion. For example, instead of having a separate "sponsored links" or paid advertisement section, search engines could allow advertisers to pay to appear at the top of the "relevance" list based on a user entering a competitor's trademark – a functionality that would be highly likely to cause consumer confusion. Alternatively, sellers of products or services could pay to have the operators of search engines automatically divert users to their website when the users enter a competi-

> tor's trademark as a search term. Such conduct is surely not beyond judicial review merely because it is engineered through the internal workings of a computer program.[118]

118. *Id.* at 130 & n.4.

Rescuecom's discussion of retail product placement in physical stores is also worth reading closely:

> An example of product placement occurs when a store-brand generic product is placed next to a trademarked product to induce a customer who specifically sought out the trademarked product to consider the typically less expensive, generic brand as an alternative. Google's argument misses the point. From the fact that proper, non-deceptive product placement does not result in liability under the Lanham Act, it does not follow that the label "product placement" is a magic shield against liability, so that even a deceptive plan of product placement designed to confuse consumers would similarly escape liability. It is not by reason of absence of a use of a mark in commerce that benign product placement escapes liability; it escapes liability because it is a benign practice which does not cause a likelihood of consumer confusion. In contrast, if a retail seller were to be paid by an off-brand purveyor to arrange product display and delivery in such a way that customers seeking to purchase a famous brand would receive the off-brand, believing they had gotten the brand they were seeking, we see no reason to believe the practice would escape liability merely because it could claim the mantle of "product placement."[119]

119. *Id.* at 130.

Again, notice the question of whether certain practices fall outside the Lanham Act entirely, or simply do not cause consumer confusion in typical cases. If the former, than those practices are protected even when some confusion results. It is notable that despite *Rescuecom*, trademark owners have uniformly failed to show that uses by search engines actually create consumer confusion.

2 Theories of Confusion

Now we begin in earnest our safari to observe exotic forms of liability in their natural habitat. We have already met point-of-sale confusion about source.

a Reverse Confusion

Standard ("forward") confusion involves consumers confused into thinking that the defendant's goods came from the plaintiff. But what if consumers are confused into thinking that the *plaintiff*'s goods came from the *defendant*? How could that even happen? The Restatement (Third) of Unfair Competition gives the following illustration:

> A, a small tire manufacturer, sells BIGTRACK tires in a regional market. Consumers in that market associate BIG-

> TRACK with A. B, a prominent tire manufacturer, subsequently begins selling BIGTRACK tires and engages in an extensive promotional campaign on national television. B's advertising overwhelms A's promotional efforts with the result that consumers encountering A's tires now think that the tires are actually produced by B. B is subject to liability to A under the rule stated in this Section.[120]

There is consumer confusion about source in this example. But unlike the usual forward-confusion case where the senior user is larger and the junior user coasts on its reputation, here it is the junior user that is the larger entity and it overwhelms the senior user's goodwill rather than coasting on it. This is basically what would have happened if the national Burger King had opened up in Mattoon Illinois, where the Hoots's restaurant was already operating.

The harm to the senior user in forward-confusion cases is obvious: diverted sales. The harm in a reverse-confusion case is a little harder to pin down. The senior user may suffer from some diverted sales, as long-time customers come to think it has scaled up and patronize the junior user instead. But the opposite is also plausible: some people driving through Mattoon Illinois may will stop at the Hoots' restaurant due to the familiar-seeming name and enjoy a meal there. Of course, the national brand, as the junior user, has no grounds to complain at law: it chose a trademark that conferred this gift on the senior local user. But it is not obvious that diverted sales gives the senior user grounds to complain, either.

Another possibility is harm to reputation. Maybe the Hoots's burgers are better than the Burger Monarch's, and their image will be damaged by the association with inferior chain burgers. But this too depends on empirical facts about relative quality that need not necesarily hold. There is also the hassle and cost of turning away confused customers looking for the wrong tires and leaving negative Yelp reviews about not having Whoppers.[121]

The strongest argument for reverse confusion liability may simply be a fear that large junior users will effectively hijack the senior user's mark.

> because of the infringer's concurrent use of the mark, the reputation of the trademark owner's goods or services among prospective purchasers is no longer within the owner's exclusive control. Failure to protect against reverse confusion would also permit large subsequent users to undermine by extensive advertising the investments of smaller firms in their trade symbols.

This is not strictly a consumer-confusion rationale, but it is consistent with the general policy of trademark law.

120. Restatement (Third) of Unfair Competition § 20 cmt f (1995).

121. "Potential customers came to Big O dealers asking for BIGFOOT tires as a result of Goodyear's commercials. Big O salesmen then had to explain the difference in the construction of these tires."Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., 408 F. Supp. 1219 (D. Colo. 1976).

b Initial Interest Confusion

Standard point of sale confusion takes place at the moment of purchase. But what if consumers are confused *before* then? Consider *Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons*, which pitted two branches of a piano-making family against each other.[122] Heinrich Engelhard Steinweg established a piano factory in Saxony (in modern Germany) in 1835. He emigrated to the United States following the 1848 revolutions and their repressive aftermath, leaving his factory in the hands of his son Christian, who sold the business to Wilhelm Grotrian in 1865, who continued it under the name Grotrian-Steinweg. Meanwhile, Heinrich Steinweg, now in New York City, anglicized his name to Henry Steinway and founded Steinway and Sons in 1853. It became the preeminent concert piano brand in the United States. Grotrian-Steinweg tried to enter the United States market in earnest only in 1967, leading to trademark litigation.

122. Grotrian, Helfferich, Schultz, Th. Steinweg Nachf v. Steinway & Sons, 523 F.2d 1331 (2d Cir. 1975).

STEINWAY AND SONS logo

GROTRIAN-STEINWEG logo

Given the cost of a piano – modern Steinway grand pianos start at $65,000 and go up to $150,000 or more – few purchasers were likely to actually mistake one for the other at the point of sale. But the court found infringement anyway, on a theory of ***initial interest*** confusion:

> The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway and Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the "Grotrian-Steinweg" name and thinking it had some connection with "Steinway", would consider it on that basis. The "Grotrian-Steinweg" name therefore would attract potential customers based on the reputation built up by Steinway in this country for many years. Misled into an initial interest, a potential Steinway buyer may satisfy himself that the less expensive Grotrian-Steinweg is at least as good, if not better, than a Steinway. Deception and confusion thus work to appropriate defendant's good will.[123]

123. *Id.* at 1342.

Initial interest confusion was mostly an occasional novelty theory for the next few decades. But the Internet created new opportunities for mischief and misunderstanding. In particular, search-engine-based marketing created new ways of using competitors' trademarks. We have met one already in *Rescuecom*: keyword advertising. Another was *metatags*: placing metadata in a web page to indicate to search engines that it is relevant to particular topics, with the hopes that the search engines will return the page as a result in searches for those topics. These potentially become trademark issues when the keywords or metatags include a competitor's trademark. Unsurprisingly, trademark owners asserted that both of these practices were infringing – even if the web pages themselves never used the trademark and it was clear to visitors that the goods and services offered there were not those of the trademark owner.

In short, these practices were tailor-made for assertions of initial interest confusion. In the much-cited 1999 case of *Brookfield Communications v. West Coast Entertainment*, the court gave the following analogy:

> Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading–"West Coast Video: 2 miles ahead at Exit 7"– where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there. Customers are not confused in the narrow sense: they are fully aware that they are purchasing from Blockbuster and they have no reason to believe that Blockbuster is related to, or in any way sponsored by, West Coast. Nevertheless, the fact that there is only initial consumer confusion does not alter the fact that Blockbuster would be misappropriating West Coast's acquired goodwill.[124]

124. Brookfield Commc'ns v. W. Coast Entm't, 174 F.3d 1036 (9th Cir. 1999). The hypothetical is based on Blockbuster Entm't Grp. v. Laylco, Inc., 869 F. Supp. 505 (E.D. Mich 1994).

In later years, however, courts started walking back the theory of initial interest confusion. In a 2009 keyword-advertising case, *Hearts on Fire Co., LLC v. Blue Nile, Inc.*, the court had this to say about initial interest confusion and search engines:

> Rarely are cases so clear as the Ninth Circuit's billboard – particularly on the internet – and certainly not this one.
>
> Infringement is not nearly so obvious from this vantage point. Rather than a misleading billboard, this analogy is more akin to a menu – one that offers a variety of distinct products, all keyed to the consumer's initial search. Sponsored linking may achieve precisely this result, depending on the specific product search and its context. When a consumer searches for a trademarked item, she receives a search results list that includes links to both the trademarked product's website and a competitor's website. Where the distinction between these vendors is clear, she now has a simple choice between products, each of which is as easily accessible as the next. If the consumer ultimately selects a competitor's product, she has been diverted to a more attractive offer but she has not been confused or misled.[9] While she may have gotten to the search-results list via the trademarked name, once there, the advertised products are easily distinguished.
>
> In much the same way, keyword purchasing may, in many cases, be analogized to a drug store that typically places its own store-brand generic products next to the trademarked products they emulate in order to induce a customer who has specifically sought out the trademarked product to

9. Consider, for instance, if Pepsi were to purchase sponsored links to its website triggered by an internet user's search for the "Coca-Cola" trademark. Coca-Cola would have difficulty suing Pepsi for infringement on an initial interest theory because these two products are widely recognized as competitors and, accordingly, the likelihood of consumer confusion is exceedingly small.

consider the store's less-expensive alternative. The generic product capitalizes on the recognizable brand name but the consumer benefits by being offered a lower-cost product. At no point is the consumer confused about the alternatives presented to her. The goodwill invested in the protected mark remains undisturbed while the consumer reaps the benefit of competing goods. Trademark infringement would seem to be unsupportable in this scenario. Mere diversion, without any hint of confusion, is not enough.

To be sure, the sponsored links appearing on a search-results page will not always be a menu of readily distinguished alternatives. With the intense competition for internet users' attention and mouseclicks, online merchants may well be tempted to blur these distinctions, hoping to create and capitalize on initial consumer confusion. Such conduct undoubtedly begins to sound in trademark infringement. Thus, where a plaintiff has plausibly alleged some consumer confusion, even at an initial stage of his product search, the question is a far closer one.

Based on the twin goals of trademark protection, the Court concludes that initial interest confusion can support a claim under the Lanham Act – but only where the plaintiff has plausibly alleged that consumers were confused, and not simply diverted. Many cases, including this one, will fall somewhere between the incarnations of so-called initial interest confusion discussed above – the misleading billboard or the choice-enhancing menu. The Court's task is to distinguish between them. As a preliminary matter, the Court agrees with the many scholars who find the deceptive billboard analogy often inapt in the internet context. Unlike the deceived shopper who is unlikely to get back on the highway, the internet consumer can easily click the 'back' button on her web browser and return almost instantly to the search results list to find the sought-after brand. Her added search costs, in other words, may often be very low while her comparative choice among products is greatly expanded.

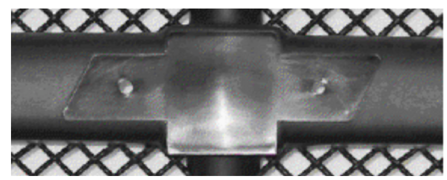
The crucial question in these cases is one of degree: Whether the consumer is likely confused in some sustained fashion by the sponsored link and the defendant's website, or whether the link serves instead as a benign and even beneficial form of comparison shopping. The menu analogy described above – where the competing products are clearly distinguished – is not, in and of itself, truly a case of confusion at all, and therefore cannot support an infringement claim. In fact, in order for a plaintiff pleading initial interest confusion to prevail, that confusion must be more than momentary and more than a mere possibility. As with any alleged trademark violation, plaintiffs must show a genuine and substantial likelihood of confusion.

The theory remains viable, and courts vary in their solicitude towards trademark owners asserting it.

c Post-Sale Confusion

Standard point of sale confusion takes place at the moment of purchase, and initial interest confusion before. What if consumers are confused *after* then? Suppose, for example, that the trademark is the stitching pattern on the back pocket of the plaintiff's blue jeans. There is no plausible confusion to purchsaers at the point of retail sale; the defendant's jeans are clearly labeled with tags bearing its own trademarks. But when a consumer buys a pair of jeans and pulls off the tags, perhaps people on the street will see the jeans and mistakenly think that they are the plaintiff's jeans. This is ***post-sale*** confusion.

Fashion is a fraught and doctrinally tricky subject, so for another example, consider *General Motors Corp. v. Keystone Automotive Industries, Inc.*, where Tong Yang made (and a co-defendant distributed) replacement grilles designed to fit the front of various models of GM cars. The grilles on GM cars typically have a placeholder in the shape of GM's "bow-tie" logo, and so did the defendant's aftermarket grilles. Again, there was no plausible point-of-sale confusion. Repair shops buying Tong Yang grilles knew they were buying third-party parts,not official GM parts. The boxes were different, the parts themselves were clearly stamped, and there were conspicuous disclaimers:



Tong Yang Chevrolet grille placeholder

> THESE REPLACEMENT PARTS ARE NOT MANUFACTURED BY THE ORIGINAL MANUFACTURER. THESE PARTS ARE REPLACEMENT FOR THE OEM PARTS, AND MANUFACTURED IN TAIWAN FOR NORTH AMERICA MARKET.

As the court put it, "An automobile owner would have to possess complete ignorance of this disclaimer, her insurance contract, and ordinary automobile repair practices to be confused as to the origin of a Tong Yang grille when getting her vehicle repaired."[125] Still, the court was open to the possibility of downstream post-sale confusion. It cited the following possible harms to the public and to GM:

125. Gen. Motors Corp. v. Keystone Auto. Indus., Inc., 453 F.3d 351 (6th Cir. 2006).

> (1) the viewing public, as well as subsequent purchasers, may be deceived if expertise is required to distinguish the original from the counterfeit; (2) the purchaser of an original may be harmed if the widespread existence of knockoffs decreases the original's value by making the previously scarce commonplace; (3) consumers desiring high quality products may be harmed if the original manufacturer decreases its investment in quality in order to compete more economically with less expensive knockoffs; (4) the original manufacturer's reputation for quality may be damaged if individuals mistake an inferior counterfeit for the original; (5) the

> original manufacturer's reputation for rarity may be harmed by the influx of knockoffs onto the market; and (6) the original manufacturer may be harmed if sales decline due to the public's fear that what they are purchasing may not be the original.

Of these, the court was most concerned about the possible damage to GM's reputation for quality.

3 Section 43(a)

Our safari continues with Section 43(a) of the Lanham Act. It is worth reading section 43(a)(1)(A) in full:

(a) *Civil action*. –

  (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

    (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person …

  shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

What does Section 43(a) do? Quite a lot:[126]

- It provides a federal cause of action for infringement even of unregistered marks.
- It provides a federal cause of action for infringement of trade dress.
- It provides a federal cause of action for false advertising. [127]
- It provides a federal cause of action for unfair competition.
- It provides a federal cause of action for confusion about sponsorship or affiliation.

The first of these requires little discussion. The second and third require so much discussion that we defer them to later chapters. We consider the fourth and fifth in this subsection, along with another theory of liability *not* supported by Section 43(a): failure to attribute (or "reverse passing off").

a Unfair Competition

"Unfair competition" is a term with two meanings in United States law. ***Unfair competition law***is a general name for torts between competitors: trade libel, false advertising, intentional interference with contract, trade secret misappropriation, etc. It was a common-law wellspring from

126. "*Homer*: Are you saying you're never going to eat any animal again? What about bacon? Ham? Pork chops? *Lisa*: Dad, those all come from the same animal. *Homer*: Ooh, yeah, right, Lisa. A wonderful, magical animal." *The Simpsons* episode 3F03 ("Lisa the Vegetarian"). Section 43(a) is the wonderful magical animal of intellectual property law.

127. To be precise, the false advertising cause of action comes from § 43(a)(1)(B), while the present section discusses § 43(a)(1)(A). *See* Rebecca Tushnet, *Running the Gamut from A to B: Federal Trademark and False Advertising Law*, 159 U. Pa. L. Rev. 1305 (2011).

which courts felt free to develop new causes of action as needed to deal with misconduct by businesses. This is the tradition that gave us *E.I. du Pont de Nemours & Co. v. Christopher*'s willingness to extend misappropriation liability.

On the other hand, the ***unfair competition tort*** is a trademark-like cause of action based on free-riding on a competitor's goodwill. Also known as ***passing off*** or ***palming off***, it takes place when the defendant intentionally deceives consumers into believing they are receiving the plaintiff's goods or services when they are actually receiving the defendant's. It is both broader and narrower than trademark infringement. It is broader in that there can be unfair competition liability even when the plaintiff lacks rights in the trademark or when the defendant is careful never to actually use the mark. But it is narrower in that it requires proof of bad faith (in the trademark sense), rather than just a likelihood of confusion.

To understand this split, a page of history is helpful. Margareth Barrett summarizes:

> At common law in the late 1800s and early 1900s, courts distinguished between "technical trademarks," which were protected through a suit for trademark infringement, and "trade names" (or "secondary meaning marks"), which were protected (if at all) through a suit for unfair competition.
>
> Technical trademarks were what we would call "inherently distinctive" marks today – words and symbols that were "fanciful, arbitrary, unique, distinctive, and nondescriptive in character," and which the claimant had physically affixed to articles of merchandise. Trade names, by contrast, consisted of words and symbols that described their user's product or service, constituted geographical terms, personal names, or designations common to the trade, or constituted business or corporate names.
>
> The courts distinguished between technical trademarks and [trade names] on the reasoning that a business could legitimately appropriate a fanciful or arbitrary word or symbol to its sole, exclusive use, with no harm to others. A technical trademark, by definition, was either made up (and thus had no meaning) or had a meaning that bore no descriptive or other logical relationship to the user's product. Accordingly, competitors had no legitimate reason to adopt the same word or symbol to identify or describe their similar goods. If they did so, they likely did it for the purpose of perpetrating a fraud on the mark owner or the public. Their action could be characterized as an invasion of the first user's property rights.
>
> In contrast, trade names consisted of descriptive, surname, geographic, and other words and symbols commonly used in the trade, such as colors, squares, circles, stripes, or

> other common shapes. Numerous competitors might legitimately want to use such words and symbols in their own marketing activities. A business that adopted such a word or symbol as its mark or name had no right to expect exclusivity.
>
> When competitors intentionally used a [trade name] for the purpose of confusing consumers about the source of their goods, thus diverting trade from an earlier user, courts would intervene – not on the ground that the plaintiff had property rights in the word or symbol (as might be the case with regard to a technical trademark), but because the defendant/competitor was engaged in fraudulent conduct.
>
> Plaintiffs in [unfair competition] cases generally had to demonstrate that the defendant acted with fraudulent intent, while courts would presume fraud in technical trademark infringement cases.[128]

128. Margreth Barrett, *Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses 'In the Manner of a Mark'*, 43 Wake Forest L. Rev. 893 (2008).

Thus, both trademark infringement and unfair competition were originally rooted in a theory of deliberate deception. But what happened is that over time, courts and Congress broadened trademark law in two ways. First, they expanded the category of protectable trademarks from arbitrary and fanciful marks to include also suggestive and descriptive marks. But because use of a descriptive mark is not *per se* wrongful or fraudulent – perhaps the defendant is using the term honestly to describe its own products – the courts shifted to a likelihood-of-confusion analysis.

Today, the Lanham Act for the most part does not draw any distinctions in the protections it accords to inherently distinctive marks and to marks with acquired distinctiveness. They are all protected under the same likelihood-of-confusion standard. That would seem to obliterate the need for a separate unfair-competition tort. Not quite so fast.

Consider *William R. Warner & Co. v. Eli Lilly & Co.*, where the plaintiff sold a chocolate-quinine drink under the name COCO-QUININE and the defendant sold one under the name QUIN-COCO. The *trademark infringement* claim failed because both COCO-QUININE and QUIN-COCO were merely descriptive. Thus, the plaintiff could not establish trademark rights in "coco" or "quinine" that would prevent the defendant from accurately marketing its own product as containing quinine and cocoa. But the *unfair competition* claim survived because the defendant convinced retail druggists (who sold the drinks to the public) to dispense Quin-Coco to customers who asked for Coco-Quinine.

Coco-Quinine advertisement

> The evidence establishes by a fair preponderance that some of petitioner's salesmen suggested that, without danger of detection, prescriptions and orders for Coco-Quinine could be filled by substituting Quin-Coco. More often, however, the feasibility of such a course was brought to the mind of the druggist by pointing out the identity of the two preparations and the enhanced profit to be made by selling Quin-

> Coco because of its lower price. There is much conflict in the testimony; but on the whole it fairly appears that petitioner's agents induced the substitution, either in direct terms or by suggestion or insinuation. Sales to druggists are in original bottles bearing clearly distinguishing labels and there is no suggestion of deception in those transactions; but sales to the ultimate purchasers are of the product in its naked form out of the bottle; and the testimony discloses many instances of passing off by retail druggists of petitioner's preparation when respondent's preparation was called for.[129]

129. William R. Warner & Co. v. Eli Lilly & Co., 265 U.S. 526 (1924).

This was passing off by the druggists – for which the defendant was secondarily liable – even though it was not trademark infringement.

For a modern example of the power and limits of the unfair competition tort, consider *Blinded Veterans Ass'n v. Blinded American Veterans Foundation*.[130] The plaintiff was a non-profit dedicated to providing assitance to blind veterans, the Blinded Veterans Association (or BVA).The defendant was another nonprofit with a similar mission, formed by three former officers of the BVA, named the Blinded American Veterans Foundation (or BAVF). The BVA's name was generic, given its mission, so the BAVF's use of a similar name was not trademark infringement and by itself did not give rise to an unfair competition claim. But to the extent that its deliberate adoption of a similar name resulted in in donations intended for the BVA flowing instead to the BVAF, "the failure of the defendant to adequately identify itself as the source" was actionable.

130. Blinded Veterans Ass'n v. Blinded Am. Veterans Found., 872 F.2d 1035 (D.C. Cir 1989) (Ginsburg, J.).

BVA logo

BAVF logo

This is not just consumer confusion that just happens because of similar names. It must result from "passing itself or its product off as the first organization or its product," so the court asked whether "because of specific actions by BAVF . . . people are likely to think BAVF *is* BVA."[131] And the remedy is accordingly narrow. A defendant can be required to add a prominent disclaimer that it is not the plaintiff, or to use its own brand name in addition to the product's generic name, but it is generally free to continue using a similar name or trademark. So here: both charities still exist, and both are still using the same names they had.

131. *Id.* (emphasis added).

b False Association

Another way that § 43(a) is useful to trademark owners is by supplying a cause of action for the false suggestion of "affiliation," "connection," "sponsorship" or "approval." Again, a little history is useful. At common law at the start of the 20th century, only trademark infringements involving directly competing goods were actionable – a rule following directly from the conceptual logic of technical trademark infringement, which focused on the defendant's diversion of the plaintiff's customers via deception.

But in cases like 1928's *Yale Electric Corp. v. Robertson*, courts began to allow trademark infringement suits against related but not directly competing goods.[132] There, the plaintiff sold YALE flashlights, and the

132. Yale Elec. Corp. v. Robertson, 26 F.2d 972 (2d Cir. 1928) (Learned Hand, J.).

defendant sold YALE locks.[133] Learned Hand wrote:

133. What about Yale College, which has been using the YALE name since 1718?

Plaintiff's YALE flashlight

Defendant's YALE lock

> The law of unfair trade comes down very nearly to this – as judges have repeated again and again – that one merchant shall not divert customers from another by representing what he sells as emanating from the second. This has been, and perhaps even more now is, the whole Law and the Prophets on the subject, though it assumes many guises. Therefore it was at first a debatable point whether a merchant's good will, indicated by his mark, could extend beyond such goods as he sold. How could be lose bargains which he had no means to fill? What harm did it do a chewing gum maker to have an ironmonger use his trade-mark?
>
> However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury, even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask. And so it has come to be recognized that, unless the borrower's use is so foreign to the owner's as to insure against any identification of the two, it is unlawful. The defendant need not permit another to attach to its good will the consequences of trade methods not its own.[134]

134. *Yale Elec.*, 26 F.2d 972.

This expansion had two effects. This had two effects. First, it made relatedness of the goods into one of the factors for the standard trademark-infringement likelihood-of-confusion test. Second, it opened up a new and independent theory of harm to the plaintiff, one not necessarily grounded in confusion about source. Indeed, the theory now works even against wholly different goods, where no reasonable consumer could think they originated from the plaintiff.

In *Conan Properties, Inc. v. Conans Pizza, Inc.*, the plaintiff Conan Properties, owned the copyrights in the Conan the Barbarian[135] stories and novels by Robert E. Howard, L. Sprague deCamp, and their sucessors, and the CONAN THE BARBARIAN mark.[136] It sued Conans Pizza, which operated a pizza restaurant in Austin, Texas.

Conans Pizza interior, circa 2016

> The restaurant's menus, signs, promotional material, specialty items, and general decor featured a barbarian-like man who closely resembled CPI's CONAN character. For example, Conans Pizza's menus depicted a loincloth-clad, sword wielding, sandal wearing, barbarian-like muscleman, and they described one of the featured pizzas as the "Savage, Barbaric, All the Way Pizza." The owners decorated the restau-

> rant with dozens of reproductions of Frank Frazetta's artwork, although only a few of the reproductions actually represented CONAN THE BARBARIAN.[137]

The court concluded that a reasonable jury could find a likelihood of confusion about source, sponsorship, or affiliation on these facts. It was clear that Conans Pizza knew about the character when adopting its name and decor and intended to capitalize on the positive associations. That was enough for the trademark bad faith element of unfair competition. As for the actual likelihood of confusion, not withstanding the vast product-line difference between muscle-bound steppe warriors and basil pesto pizza:

> Conans answers that no reasonable person could have believed that its restaurants were related to CPI's CONAN THE BARBARIAN, since the products and services each provided were different. We must disagree. Although CPI never licensed any entity to use its mark in connection with restaurant services, ordinary consumers may well believe that Conans was in fact licensed by CPI. At the trial CPI presented evidence of numerous cartoon and other characters whose names, marks, or images were used in extensive licensing programs to promote everything from children's toys to fast-food restaurants. These characters included SNOOPY, POPEYE, DICK TRACY, PETER PAN, E.T., and ROY ROGERS. Many of today's consumers expect such endorsements and act favorably toward them. It is reasonable to assume, as the jury found, that ordinary consumers who patronized Conans Pizza and experienced the pervasive, inescapable aura of CONAN THE BARBARIAN in those restaurants were likely to believe that the restaurants were in some way licensed by or affiliated with CPI. We therefore leave undisturbed the jury's findings of trademark infringement and unfair competition.[138]

There is still a likelihood of confusion in false-association cases. It is just confusion about something other than source. .[139]. Section 43(a) now incorporates this wider second understanding of confusion, which must be pleaded as a distinct cause of action.

There is an unavoidable circularity in this reasoning. Why would a patron of Conan's Pizza assume that there was any licensing or affiliation relationship with CPI? Wouldn't they equally plausibly think that the owners simply are Conan fans? Consumers' assumption that pizza restaurants would seek licenses only makes sense if pizza restaurants regularly do seek licenses – and they main reason they would is that courts insist that they do. Thus, the 43(a) false-association right is self-entrenching: it creates the very licensing practices that justify it.

The most controversial false-association cases involve merchandising: use of the trademark on apparel and other items purchased by peo-

Conans Pizza logo, circa 2016

135. Memorably played in the 1982 movie adaptaion by Arnold Schwarzenegger.

136. Conan Props., Inc. v. Conans Pizza, Inc., 752 F.2d 145 (5th Cir. 1985). This is a *series*, so the single-creative-work rules does not apply.

137. *Id.*

138. *Id.*

139. But see Mark A. Lemley & Mark McKenna, *Irrelevant Confusion*, 62 Stan. L. Rev. 412 (2010) ("We think trademark law needs to refocus on confusion that is actually relevant to purchasing decisions.") Also watch out for the trademark defenses, which often limit liability in such cases.)

ple who care about the mark because of what it signifies rather than as a signal of who made the goods. Merchandising is not a good fit for the traditional section 32(a) theory of infringement through confusion about source. Recall *Schmidt*, where BOSTON STRONG failed to funtion as a mark on T-shirts. If putting a slogan or symbol on a T-shirt does not constitute use as a designation of source that creates trademark rights for ownership purposes, it seems to follow that putting the same slogan or symbol on a T-shirt could not create a likelihood of confusion about source for infringement purposes.

But now consider the Boston Professional Hockey Association, which owns the BRUINS family of marks for "professional ice hockey contests" and related uses. There is no dispute that these are valid trademarks; the Bruins have been playing since 1928, and use of a mark to designate a particular sports team that sells tickets to its games is clearly a rights-creating use as a mark in commerce. Someone buying a jersey emblazoned with the Bruins B logo is unlikely to think that the Bruins are literally the source of the shirt. The players do not operate sewing machines between games. But following the logic of *Conan Properties*, perhaps the Bruins could sue unauthorized jersey vendors on a theory of false association under section 43(a).

Such was the theory that the court accepted in *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, in a suit by the Bruins, twelve fellow teams, and their hockey league. It reasoned that "the major commercial value of the emblems is derived from the efforts" of the teams, and the sale of team-logo apparel "is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged."[140] As for the confusion requirement, it was "met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks."[141]

If the *Conan Properties* reasoning was circular, *Boston Professional Hockey Ass'n*'s reasoning completely short-circuits the confusion requirement. It essentially creates an absolute, unqualified merchandising right for mark owners. Goods purchased because of the mark require the mark owner's approval, as long as consumers recognize the mark, which of course they do.

Other cases have pushed back against this expansive merchandising right. In *International Order of Job's Daughters v. Lindeburg & Co.*, the defendants sold jewelry with the emblem of the plaintiff's fraternal organization, Job's Daughters.[142] The organization sold officially licensed jewelry to its members, but other unaffiliated retailers also sold unlicensed jewelry with the emblem. Lindeburg tried to become an "official jeweler," but the organization refused.

The court held for Lindeburg in the 43(a) false-association suit:

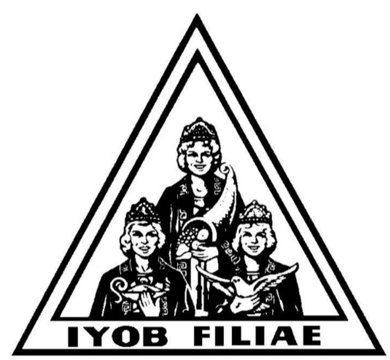
> The name JOB'S DAUGHTERS and the Job's Daughters insignia are indisputably used to identify the organization, and members of Job's Daughters wear the jewelry to iden-

BRUINS jersey

140. Boston Prof'l Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg., Inc., 510 F.2d 1004, 1011 (5th Cir. 1975).

141. *Id.* at 1012.

142. Int'l Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912 (9th Cir. 1980). ("The emblem consists of a representation of three girls within a double triangle. The girls carry a dove, an urn, and a cornucopia. Between the bases of the two triangles are the words 'Iyob Filiae,' the Latin translation of 'Daughters of Job.'")



Job's Daughters emblem

Lindeburg jewelry

> tify themselves as members. In that context, the insignia are trademarks of Job's Daughters. But in the context of this case, the name and emblem are functional aesthetic components of the jewelry, in that they are being merchandised on the basis of their intrinsic value, not as a designation of origin or sponsorship.
>
> It is not uncommon for a name or emblem that serves in one context as a collective mark or trademark also to be merchandised for its own intrinsic utility to consumers. We commonly identify ourselves by displaying emblems expressing allegiances. Our jewelry, clothing, and cars are emblazoned with inscriptions showing the organizations we belong to, the schools we attend, the landmarks we have visited, the sports teams we support, the beverages we imbibe. Although these inscriptions frequently include names and emblems that are also used as collective marks or trademarks, it would be naive to conclude that the name or emblem is desired because consumers believe that the product somehow originated with or was sponsored by the organization the name or emblem signifies. . . .
>
> We conclude from our examination of the trial judge's findings and of the underlying evidence that Lindeburg was not using the Job's Daughters name and emblem as trademarks. The insignia were a prominent feature of each item so as to be visible to others when worn, allowing the wearer to publicly express her allegiance to the organization. Lindeburg never designated the merchandise as "official" Job's Daughters' merchandise or otherwise affirmatively indicated sponsorship. Job's Daughters did not show a single instance in which a customer was misled about the origin, sponsorship, or endorsement of Lindeburg's jewelry, nor that it received any complaints about Lindeburg's wares. Finally, there was evidence that many other jewelers sold unlicensed Job's Daughters jewelry, implying that consumers did not ordinarily purchase their fraternal jewelry from only "official" sources.

Along with sports teams, some of the most aggressive trademark enforcers in the mechandising space have been colleges and universities. The caselaw remains split, but practice on the ground for high-value goods is generally to take a license.

4 Dilution

The origin of trademark liability for ***dilution*** is usually traced to Frank Schechter's 1927 article, Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).[143] Recall that early-20th-century trademark law prohibited the use of a technical trademark only on directly competing goods. My rights in DAFFODIL for baked goods

143. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).

were not infringed by your use of DAFFODIL on clothing: in the theory of the time, there was no risk of consumer confusion about source at the point of sale. Schechter, however, thought that such uses worked a real harm on the trademark owner, because they "vitiated or impaired" the "uniqueness or singularity" of the trademark.[144] He argued:

144. *Id.*

> Trademark pirates are growing more subtle and refined. They proceed circumspectly, by suggestion and approximation, rather than by direct and exact duplication of their victims' wares and marks. The history of important trademark litigation within recent years shows that the use of similar marks on non-competing goods is perhaps the normal rather than the exceptional case of infringement. In the famous English Kodak case, cameras and bicycles were the articles in question; in the Aunt Jemima's case, pancake flour and syrup; in the Vogue case, fashion magazines and hats; in the Rolls-Royce case, automobiles and radio parts; in the Beech-Nut case, food products and cigarettes. In each instance the defendant was not actually diverting custom from the plaintiff, and where the courts conceded the absence of diversion of custom they were obliged to resort to an exceedingly laborious spelling out of other injury to the plaintiff in order to support their decrees. The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trade- mark. It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.

The thing about this theory is that the unrelated-goods rule was an artificial limit on trademark rights – an artificial limit that was already in the process of collapsing as Schechter wrote. *Yale Electric*, which held that YALE for locks could infringe on YALE for flashlights, was decided the very next year. Today, there is no such rule, and relatedness is just one factor in the likelihood-of-confusion analysis.

But the theory of dilution lives on, because there is a powerful internal logic to Schechter's idea. Instead of protecting a trademark owner from *diversion* of sales through misuse of the mark, dilution protects the trademark owner's investment in *the mark itself*. Goodwill, on this theory, is not just a consumer belief *associated* with the trademark owner, it is a kind of property *belonging* to the trademark owner. Any uses that reduce that goodwill are legally actionable under dilution. As Jeremy Sheff explains:

> Schechter's theory of dilution rested on the premise that

> the ability of a trademark to serve as a vehicle for creating and perpetuating goodwill depends on its "uniqueness," and that multiple unrelated uses of an unusual or distinctive mark will prevent that mark from developing a strong, unique hold on the public consciousness. This theory would give the first user of a particularly unique or distinctive mark the right to enforce her mark broadly – not merely within the geographic markets in which she operated, but also in neighboring regions; not merely against competing products, but also against sellers of non-competing goods – all on the theory that any interference with her efforts to build and retain the association of goodwill with her trademark threatens gradually to weaken that association, thereby reducing her incentive to cultivate such goodwill.[145]

145. Jeremy Sheff, *The (Boundedly) Rational Basis of Trademark Liability*, 15 Tex. Intell. Prop. L.J. 331 (2007).

Today, the Lanham Act recognizes two theories of dilution in section 43(c).[146] ***Blurring*** is "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark."[147]. Judge Posner summarizes:

146. There are also state anti-dilution laws, some of which do not have the federal fame requirement, or differ in other ways.

147. Lanham Act § 43(c)(2)(B)

> First, there is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself "Tiffany." There is little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder - incur as it were a higher imagination cost - to recognize the name as the name of the store. *Cf. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.* ("The [legislative] history [of New York's antidilution statute] disclosed a need for legislation to prevent such 'hypothetical anomalies' as 'Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns'").[148] So "blurring" is one form of dilution.[149]

148. meaddata

149. Ty Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002) (Posner, J.).

The Lanham Act lists six nonexclusive factors to be considered in deciding whether blurring has taken place.[150] As is typical of multi-factor tests in IP law, they are in essentially random order.

150. Lanham Act § 43(c)(2)(B).

(i) *The degree of similarity between the mark or trade name and the famous mark*. This factor is a rough analogue to similarity in the standard likelihood of confusion analysis. The difference is that for dilution, greater similarity is required: the marks must be identical, or nearly so. This heightened standard makes sense, as the harm to the mark owner is more attenuated in a dilution case.

(ii) *The degree of inherent or acquired distinctiveness of the famous mark.* This factor asks how strong the plaintiff's mark is.

(iii) *The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.* This is a new one, with no direct equivalent in the normal infringement test. Dilution will not protect a famous mark in a marketplace that is already crowded with other similar marks – once there are a hundred similar marks, there is not much point in stopping the hundred-and-first.

(iv) *The degree of recognition of the famous mark.* It overlaps heavily with strength of the mark, and with the threshold requirement of fame, because the facts that show fame will also show the existence of substantial goodwill. Thus, this factor essentially asks *how* famous the plaintiff's mark is, and lets courts distinguish among degrees of fame.

(v) *Whether the user of the mark or trade name intended to create an association with the famous mark.* This is a bad-faith factor. The attempt to associate your use with the plaintiff's famous mark is what bad faith means in trademark law.

(vi) *Any actual association between the mark or trade name and the famous mark.* Actual association is the dilution analogue of actual confusion, with the same obvious relevance.

Then there is ***tarnishment***, defined as " association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."[151]. Judge Posner again:

> Now suppose that the "restaurant" that adopts the name "Tiffany" is actually a striptease joint. Again, and indeed even more certainly than in the previous case, consumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.[152] So "tarnishment" is a second form of dilution.[153]

There are two important thresholds for Lanham Act dilution. First, the mark must be ***famous***, i.e. "widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."[154] APPLE, COCA-COLA, VISA, and ESPN are famous; STEAK UMM, MARCO'S PIZZA, and COACH are not. Fame is measured as of the time when the defendant's allegedly diluting use began. "Niche" fame within a particular market segment or geographic area is not sufficient; WING DINGS may be familiar to institutional food buyers and SPORTING NEWS to obsessive baseball fans, but not to the general public. Everyone in Texas knows the LONGHORNS logo, but it will get you blank stares in other parts of the country. The Lanham Act lists four factors bearing on fame: advertising, sales, actual consumer recognition, and registration.[155]

Second, the "noncommercial use of a mark" is *per se* protected from

151. Lanham Act § 43(c)(2)(C)

152. The typical consumer may or may not make this association. But now that you have read this passage, it is likely that *you* will.

153. *Ty*, 306 F.3d 509 (Posner, J.).

154. Lanham Act § 43(c)(2)(A).

155. Lanham Act § 43(c)(2)(A).

dilution liability.[156] In practice, this looks a lot like the commerciality threshold for plain old trademark infringement, and cases dealing with both kinds of claims almost uniformly resolve the thresholds the same way. In *Radiance Foundation*, for example, the NAACP also brought a dilution claim, which also lost. Radiance's anti-NAACP article was not an advertisement or attached to a product for sale.

156. Lanham Act § 43(c)(3)(C).

As an example of a dilution case, consider *Nike, Inc. v. Nikepal Intern., Inc., No. 2:05-cv-1468-GEB-JFM*. The plaintiff was Nike, the sneaker and athletic gear company which has used the mark NIKE since 1978. The defendant was Nikepal International, founded in 1998 by Palminder Sandhu. It provided products and services to scientific laboratories, and had one part-time employee in addition to Sandhu, and had a few hundred customers. Nikepal applied to the USPTO to register NIKEPAL for "import and export agencies and wholesale distributorships featuring scientific, chemical, pharmaceutical, biotechnology testing instruments and glassware for laboratory use, electrical instruments, paper products and household products and cooking appliances." According to Sandhu, he flipped open the dictionary to a random page, chose the first word he saw, and then added "pal," the first three letters of his name. The articles of incorporation capitalized the name as "NikePal." His attorney tried to argue in court that it was pronounced "nik-a-pal," but Sandhu alternated between that pronunciation and "ny-key-pal," and the outgoing message on the company's answering machine pronounced it like the Nike name. The court found his testimony about the name not credible.

There was no serious question that NIKE was famous. At the time of Nikepal's founding, Nike sold about 180 million pairs of shoes a year in the United States, and had worldwide sales in excess of $5 billion a year. It spent over $100 million a year on advertising. In brand awareness consumer surveys, it consistently ranked as one of the best-known brands in the United States, among the top ten or forty. And it owned numerous registrations for NIKE, its "swoosh" logo, and various related marks (e.g. NIKE TOWN and NIKE NIKE AIR). As for dilution by blurring, here are excerpts of the court's discussion of the statutory factors:

> *(i) The Degree of Similarity*
>
> . . . The parties' marks are nearly identical. The NIKEPAL mark is a composite of the word "Nike" with the term of affinity, "pal." The composite nature of the NIKEPAL mark is evident in the logo selected by the company which clearly features an "N" and a "P." In each case the dominant feature of the mark is the term "Nike." In addition, the term "Nike" in both marks is pronounced identically with an "i" like in "bike" and an "e" like in "key." . . .
>
> *(ii) Distinctiveness*

Nikepal does not dispute that NIKE is, at the very least, suggestive. Accordingly, NIKE is inherently distinctive and this factor favors Nike.

(iii) Substantially Exclusive Use

. . . Nike asserts that its use of the NIKE mark is substantially exclusive. Nikepal introduced evidence of use of the term "Nike" in the company name "Nike Hydraulics, Inc.," through a bottle jack purchased from the company and a 1958 trademark registration for "Nike" owned by Nike Hydraulics. However, this evidence is insufficient to disprove Nike's claim that its use of NIKE is substantially exclusive. Even Nikepal's witness, Roger Smith, admitted that he had not encountered Nike Hydraulics before hearing that name in connection with this action. Accordingly, the court finds that Nike's use of the NIKE mark is substantially exclusive and this factor therefore favors Nike.

(iv) Degree of Recognition

The degree of recognition of NIKE is quite strong. Millions of NIKE products are sold in the United States annually and the evidence demonstrates that NIKE is readily recognized. This factor therefore favors Nike.

(v) Intent to Create Association

Mr. Sandhu admitted that he was aware of the existence of the NIKE mark before he adopted the company name. Although he testified at trial that he came up with the term Nikepal by opening the dictionary to a random page and essentially finding that word by "fate," his testimony was not credible. Therefore, this factor favors Nike.

(vi) Actual Association

Nikepal registered the domain names nikepal.biz, nikepal.net, nikepal.us, nikepal.info and nikepal.tv. The evidence shows that the domain registrar assigned the domain names an "under construction" page and then associated with that page promotions and advertisement links to a number of web pages that offered NIKE products (or products of Nike's competitors in the shoe and apparel field). Thus, in the internet context, there is actual association between NIKEPAL and NIKE.

Further, Mr. Johnson's survey also evinced that there is a strong degree of association between NIKEPAL and NIKE. Mr. Johnson's survey showed over 87% of the people in Nikepal's own customer pool associated the stimulus "Nikepal" with NIKE. The survey presents ample proof of association between the marks to support a finding that such exists in the general public.

In short, the factors overhwelmingly favored Nike, so the court found that Nikepal's use created a likelihood of dilution by blurring.

Successful dilution by tarnishment cases are rarer. One reason is that blurring can take place for almost any use, whereas tarnishment can only take place when the use creates unsavory or unpleasant associations. Another is that many would-be tarnishment cases fail due to a parody or other expressive use defense. As a result, most successful tarnishment cases are brought against uses on pornographic goods or services. Examples include CANDYLAND for a sexually explicit website, candyland.com and POLO against a Polo Club adult entertainment club.

F Secondary Liability

Trademark law has contributory and vicarious infringement theories; their contents should be unsurprising by now.

1 Contributory Infringement

Contributory infringement in trademark law occurs when a defendant "intentionally induces another to infringe a trademark, or if it continues to supply its product to one whom it knows or has reason to know is engaging in trademark infringement."[157] The eagle-eyed reader with a photographic memory will have observed that this includes what in copyright or patent would be called inducement infringement, and also what would be called contributory infringement. The precise classification is of no moment; these are basically the same two theories. The inducement prong requires intent; the contributory prong requires knowledge or reason to know. As in copyright and patent, these are secondary liability theories: there is no contributory liability unless there is a direct infringer (as discussed in the precious section).

157. Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844 (1982).

The leading case on contributory trademark infringement is *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*[158] Ives Laboratories sold the drug cyclandelate under the trademark CYCLOSPASMOL. Ives marketed the drug, a white powder, to wholesalers, retail pharmacists, and hospitals in colored gelatin capsules. Pharmacists dispense pills to patients in their own bottles, so the only packaging patients would typically see was on the pills themselves. Ives used a blue capsule, imprinted with "Ives 4124," containing 200mg of cyclandelate, and a blue-red capsule, imprinted with "Ives 4148," for 400 mg of cyclandelate.

158. *Id.*

After Ives' patent on cyclandelate expired, several generic manufacturers, including Inwood, marketed cyclandelate to hospitals and pharmacies in 200 mg and 400 mg capsules in colors identical to those selected by Ives, but with no identifying marks or different ones than Ives used. Their catalogs truthfully described their capsules as "equivalent" or "comparable" to CYCLOSPASMOL.

Cyclandelate capsules

Ives sued for trademark infringement, alleging that some pharmacists ignored physicians' written instructions to dispense only CYCLOSPASMOL and dispensed Inwood's generics instead, and that some pharmaticists mislabeled Inwood's generics as CYCLOSPASMOL on the bottles they gave patients.[159] By now you should recognize this as passing off; the pharmacists who did this directly infringed the CYCLOSPASMOL mark. [160] But because Inwood did not apply the CYCLOSPASMOL mark to any products, or distribute any products bearing the CYCLOSPASMOL mark, it was not a direct infringer. Thus, according the Court, its liability "depended upon whether, in fact, the petitioners intentionally induced the pharmacists to mislabel generic drugs or, in fact, continued to supply cyclandelate to pharmacists whom the petitioners knew were mislabeling generic drugs."[161]

159. More on drug substitution law on the Biotechnology chapter, I hope!

160. Bonus points if you can see how this is basically *William R. Warner &* all over again.

161. *Inwood Labs.*, 456 U.S. 844.

According to the appeals court, Inwood should have anticipated that pharmacists would illegally substitute its cheaper generic for Ives's CYCLOSPASMOL, and gave no legitimate reason to use the same pill colors. But the Supreme Court disagreed. Inwood did not make direct visits to pharmacists at which it might have suggested substitution, and its catalogs themselves did not suggest it either. Although some substitutions did occur (and were infringing when they did), they were not so common as to justify an inference that Inwood should have known they would. And *patients'* familiarity with Ives's color scheme was a good reason to use a similar one, since it helped them know which pills were their cyclandelate.[162]

162. More on pill design in the Biotech chapter, as well.

2 Vicarious Infringement

Vicarious trademark infringement is not super-common, but it does occur. The exact test varies from circuit to circuit, but a common formulation is identical to the copyright test: (1) a direct financial interest in the infringement plus (2) the right and ability to control it. *Philip Morris USA Inc. v. Lee* is illustrative.[163] Philip Morris is a tobacco company and the owner of the MARLBORO brand. Motohiro Miyagi was a distribution agent for Metrich International, a Chinese cigarette company; he received a $10.00 commission per case of cigarettes sold.[164] In 2003, he organized a scheme to import into the United States nearly 1,960 cases of counterfeit Marlboros manufactured by Metrich. Specifically:

- The cigarettes were stored in a warehouse in Curaçao, Netherlands Antilles.
- Julian Balea and his company, Synergy Trading Group, advertised the cigarettes for sale on the Internet.
- William Lee and Felipe Castaneda, doing business as the Kagro Company, agreed to purchase the cigarettes.
- John Tominelli and his company, Southeastern Cargo Services, imported the cigarettes into the United States.

Customs and Border Protection seized the shipment when it arrived in Houston, and Marlboro sued.

163. Philip Morris USA Inc. v. Lee, 547 F. Supp. 2d 667 (W.D. Tex 2008).

MARLBORO logo

164. There are 20 cigarettes in a pack, 10 packs in a carton, and 50 cartons in a case.

Miyagi kept his hands off both the cigarettes and the paperwork, and many of the individual actors dealt only with each other. The buyers were unware of Miyagi's role; they contacted and paid Synergy directly. But Miyagi was an open-and-shut vicarious infringer. He had a direct financial interest: $10 for each case of counterfeits he sold. And he had the right and ability to supervise the infringing activity:

> Miyagi admits that he controlled the counterfeit Marlboro cigarettes as part of his responsibility to maintain and sell them for Metrich. It is Miyagi who hired Balea and Synergy to assist him with the sale, retaining significant authority over the transaction. At his deposition, Balea testified about his belief that Miyagi was the actual seller of the goods. Balea understood that Miyagi dictated the price of the goods and could exercise control over the terms of the sale to Lee and Castaneda. Miyagi selected Tominelli and Southeastern to perform an inspection and verify the goods. In fact, Miyagi was present at the inspection and authorized the release of goods upon verification.

Vicarious infringement makes fact patterns like these easy; diffusing infringing activities throughout a distributed organization will not allow the supervisor at the top of the pyramid to escape trademark liability.

G Defenses

Trademark, like copyright, has a defense for sufficiently expressive uses. And like every IP area we have studied, it has an exhaustion defense. In addition, it has two important defenses that reflect the basic logic of trademark: truthful descriptions of one's own products are always allowed.

1 Descriptive Fair Use

Descriptive marks pose the greatest danger to competitors' freedom. Generic marks are unprotectable, and arbitrary, fanciful, and suggestive marks are *additions* to the market language. On the same theory that justifies copyright in original expression and patents in novel inventions, giving mark owners rights over symbols they themselves have created takes nothing away from others. But descriptive marks have preexisting meanings, and competitors ought to be free to continue using the marks with their existing descriptive meanings. The mark owner has exclusive rights over the *trademark meaning* of a descriptive mark with secondary meaning, but not over its *descriptive meaning*, which everyone else is still free to use.

Thus, the defense of ***descriptive fair use*** allows a defendant to use a mark "fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin."[165] Consider *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, where a "fish fry" was a descriptive term for a coating mix for frying fish, but Zatarain's had secondary

165. Lanham Act § 33(b)(4).

meaning in the mark FISH-FRI. Thus, the defendants Oak Grove and Visko's could use "fish fry" to describe their coating mixes, as long as they really were describing their own products and not attempting to confuse consumers into thinking that their products were Zatarain's. Because this is "good faith" in the trademark sense, the defendant's attempts to cause or prevent confusion are highly relevant. The court explained:

> The record contains ample evidence to support the district court's determination that Oak Grove's and Visko's use of the words "fish fry" was fair and in good faith. Testimony at trial indicated that the appellees did not intend to use the term in a trademark sense and had never attempted to register the words as a trademark. Oak Grove and Visko's apparently believed "fish fry" was a generic name for the type of coating mix they manufactured. In addition, Oak Grove and Visko's consciously packaged and labelled their products in such a way as to minimize any potential confusion in the minds of consumers. The dissimilar trade dress of these products prompted the district court to observe that confusion at the point of purchase — the grocery shelves — would be virtually impossible. Our review of the record convinces us that the district court's determinations are correct.[166]

166. Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786 (5th Cir. 1983).

The Lanham Act also states that descriptive fair use is a defense to a dilution claim,[167] and it is recognized as a defense to section 43(a) unfair-competition claims as well.

167. Lanham Act § 43(c)(3)(A).

Some courts, confusingly, refer to this defense simply as "fair use," even though it has very little in common with copyright's fair-use defense. Better practice is always to call it "trademark fair use" – or best of all, "descriptive fair use."

2 Nominative Fair Use

The defense of ***nominative fair use*** is a close cousin to descriptive fair use. It applies when the defendant is using the mark in its truthfully to describe its own products *by way of the plaintiff's products*. Thus, the defenant is using the mark in its trademark sense (rather than its descriptive sense, as in descriptive fair use), but there is no confusion about source because the use makes the relationship clear.

A canonical example is *New Kids on the Block v. New America Pub., Inc.*[168] Before BTS, before One Direction, before *NSYNC and the Backstreet Boys, there were the New Kids on the Block, the hit boy band of the late 1980s, and owner of a NEW KIDS ON THE BLOCK family of marks. The newspaper *USA Today* ran a poll, asking readers to call a 900 number to pick their favorite member of the band.

168. New Kids on the Block v. New Am. Pub., Inc., 971 F. 2d 302 (9th Cir. 1992).

> New Kids on the Block are pop's hottest group. Which of the five is your fave? Or are they a turn off? ... Each call costs 50 cents. Results in Friday's Life section.

NKOTB sued for trademark infringement.

A trademark is not an exclusive right to keep people from having anything to do with your goods and services. Music critics can praise or criticize the New Kids. Radio stations can hold contests to win tickets to their concerts. Mechanics can repair TOYOTA cars; restaurants can sell ABITA root-beer floats. All of these are completely legal, even if done for profit.

The point of nominative fair use is that all of these businesses *can use the trademark* to describe what they do. The rationale is straightforward. The defendant's business can only be explained to customers in terms of the plaintiff's products, and the plaintiff's mark is by far the best way to refer to the plaintiff's products. The court explained:

> For example, one might refer to "the two-time world champions" or "the professional basketball team from Chicago," but it's far simpler (and more likely to be understood) to refer to the CHICAGO BULLS. . . . Indeed, it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark. For example, reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three; reference to a large Japanese manufacturer of home electronics would narrow the field to a dozen or more companies. Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.[169]

169. *Id.*

Examples cited included *Volkswagenwerk Aktiengesellschaft v. Church*, where an automobile repair shop could use VOLKSWAGEN and VW to explain that it repaired Volkswagens,[170] and *WCVB-TV v. Boston Athletic Ass'n*, where a TV station could use BOSTON MARATHON to describe its upcoming broadcast of the Boston Marathon.[171] Note again that all of these are commercial uses

170. Volkswagenwerk Aktiengesellschaft v. Church, 411 F.2d 350 (9th Cir. 1969).

171. WCVB-TV v. Boston Athletic Ass'n, 926 F.2d 42 (1st Cir. 1991).

The standard statement of nominative fair use has three elements:

> First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service;and third, the user must do nothing that would, in conjunction with

> the mark, suggest sponsorship or endorsement by the trademark holder.[172]

172. *New Kids on the Block*, 971 F. 2d 302.

Consider those three elements in the context of the case. First, there is no common descriptive term for the New Kids other than the NEW KIDS ON THE BLOCK mark, any more than there is for the Chicago Bulls, Volkswagens, or the Boston Marathon. Second, the ad used only the name, not the band's logo.[173] And third, by suggesting that the New Kids might be a "turn off," the ad if anything implied non-affiliation.

173. Perhaps even that would have been fine. Think of Prince's symbol.

Finally, the court emphasized that the commercial aspects of the poll were irrelevant.[174]

174. *USA Today* donated the roughly $300 it received from the poll to the Berklee College of Music. But under nominative fair use, it could also have kept the money.

> While the New Kids have a limited property right in their name, that right does not entitle them to control their fans' use of their own money. Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder's business is beside the point. Voting for their favorite New Kid may be, as plaintiffs point out, a way for fans to articulate their loyalty to the group, and this may diminish the resources available for products and services they sponsor. But the trademark laws do not give the New Kids the right to channel their fans' enthusiasm (and dollars) only into items licensed or authorized by them. The New Kids could not use the trademark laws to prevent the publication of an unauthorized group biography or to censor all parodies or satires which use their name.*New Kids on the Block*

Dilution is subject to an explicit statutory defense for nominative fair use.[175]

175. Lanham Act § 43(c)(3)(A)

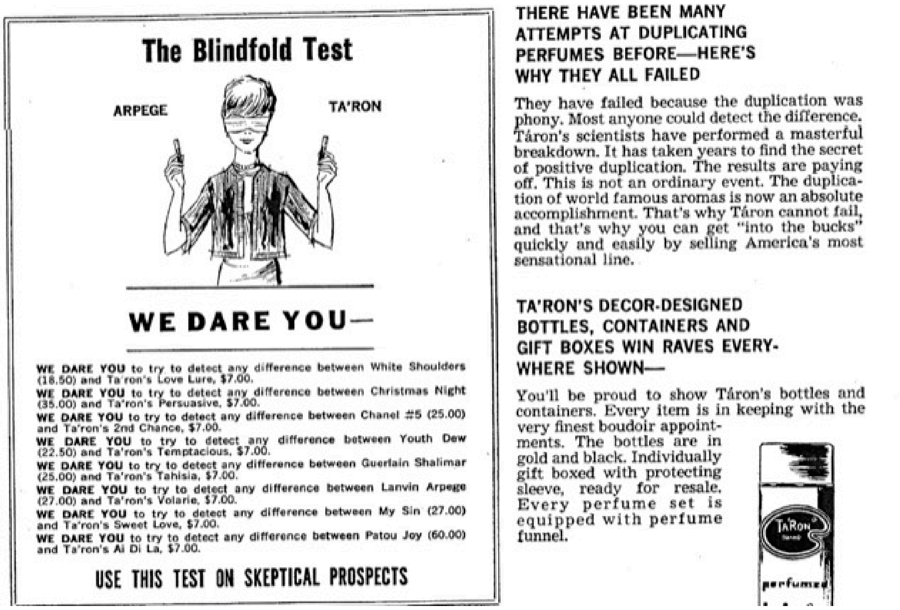
3 Comparative Advertising

One important type of nominative use is ***comparative advertising***, in which the defendant describes attributes of its own products by comparing them to the plaintiff's products. Some comparisons emphasize the differences ("removes thirty percent more grime than SQUEEGO"), while others emphasize the differences ("all the same vitamins and minerals as BRAWNDO for a fraction of the price"). In both cases, the defendant can use the plaintiff's mark, rather than a circumlocution like "another leading brand," for the same reason as in nominative fair use. The clearest, best, and truest way to describe the plaintiff's product is by its name: the trademark. Dilution is subject to an explicit statutory defense for comparative advertising, but the rule applies generally to all causes of action for trademark infringement.[176]

176. Lanham Act § 43(c)(1)(A)(i).

For example, in *Smith v. Chanel, Inc.*, the defendant Ta'Ron, Inc. sold a fragrance called "Second Chance" as a smell-alike for Chanel No. 5.[177] To be clear, it is perfectly legal to sell similar fragrances. There are no exclusive rights in scents. The formulation of Chanel No. 5 contained no patented chemicals, and was not the subject of a copyright. The smell

177. Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968).



might be protectable as a trademark for some other goods, but not as a mark for itself.[178] And Second Chance was sold in packaging that was entirely distinct from Chanel No. 5's, and used only the TA'RON and SECOND CHANCE marks.

Rather, Chanel's argument had to do with Ta'Ron's advertising for Second Chance, which used the CHANEL NO. 5 mark. The ad ran in *Specialty Salesmen*, a trade journal for wholesale purchasers. It stated that Ta'Ron's fragrances "duplicate 100% Perfect the exact scent of the world's finest and most expensive perfumes and colognes at prices that will zoom sales to volumes you have never before experienced," and added, "We dare you to try to detect any difference between Chanel #5 ($25.00) and Ta'Ron's 2nd Chance. $7.00."[179]

This was permissible comparative advertising: "one who has copied an unpatented product sold under a trademark may use the trademark in his advertising to identify the product he has copied."[180] Given the policies of *other IP areas* that imitation is allowed, *trademark law* will not get in the way. Justice Holmes expressed this policy in *Saxlehner v. Wagner*, where the defendant sold an imitation of a mineral water named HUNYADI JANOS:

> The real intent of the plaintiff's bill, it seems to us, is to extend the monopoly of such trademark or tradename as she may have to a monopoly of her type of bitter water, by preventing manufacturers from telling the public in a way that will be understood, what they are copying and trying to sell. But the plaintiff has no patent for the water, and the defendants have a right to reproduce it as nearly as they can. They have a right to tell the public what they are doing, and to get whatever share they can in the popularity of the water by advertising that they are trying to make the same article, and

178. In trademark terms of art, it would be "functional" subject matter. More in the Design chapter.

179. *Smith*, 402 F.2d 562.

180. *Id.*

> think that they succeed. If they do not convey, but, on the contrary, exclude, the notion that they are selling the plaintiff's goods, it is a strong proposition that when the article has a well-known name they have not the right to explain by that name what they imitate. By doing so, they are not trying to get the good will of the name, but the good will of the goods.[181]

181. Saxlehner v. Wagner, 216 U.S. 375 (1910).

The same policy, and the same rule, applies even more strongly when the defendant is emphasizing how its product is *different* from the plaintiff's. It would be even more galling to hold that a trademark owner who makes a mediocre widget could prevent competitors who make better widgets from telling the public about it.

But there is a sting in the tail. Comparative advertising claims still need to be *true*. On remand in *Smith*, the trial court found that "The results of gas chromatograph tests prove that the chemical composition of 'Second Chance' is not identical to that of 'Chanel No. 5,'" and thus the defendant had violated section 43(a). This is a false advertising issue, discussed in more detail in the Advertising chapter.

4 Exhaustion

Like every other body of IP law we have seen, trademark has an exhaustion defense. But exhaustion in trademark works a little differently – it *has* to work differently – because trademark deals with descriptions of products, rather than the products themselves. Consider *Champion Spark Plug Co. v. Sanders*.[182] The Perfect Recondition Spark Plug Company collected used CHAMPION spark plugs, repaired and reconditioned them, and resold them. Champion did not object to this practice, nor could it have. The spark plugs were no longer its property; it had no rights over them.

182. Champion Spark Plug Co. v. Sanders, 331 U.S. 125 (1947).

Reconditioned Champion spark plug bearing the CHAMPION mark

Perfect box containing reconditioned Champion spark plug

But Champion *did* have rights over the CHAMPION mark, and it objected to Perfect's *calling* the spark plugs they sold CHAMPIONs. A used spark plug and a new spark plug are not the same. The used item is less likely to work perfectly and more likely to break. And this difference is material to consumers: few people would be willing to pay as much for a reconditioned spark plug as they would for a new one. The reconditioned spark plugs still had "Champion" on them, and they were sold in boxes that bore the word "Champion" – and it was *this* practice that Champion sued to stop.

The Supreme Court still ruled for Perfect, but its reasoning is much narrower and more fact-bound than in comparable patent and copyright cases. The heart of its reasoning was *truthfulness*: Perfect could use the CHAMPION mark to describe its reconditioned spark plugs, as long as it made clear to consumers how they differed from new CHAMPION spark plugs.[183] Perfect's boxes read "Perfect Process Renewed Spark Plugs," and the spark plugs themselves were stamped "Renewed." As the Court's opinion explained:

183. Put this way, exhaustion in trademark is yet another species of nominative fair use.

> We are dealing here with second-hand goods. The spark

> plugs, though used, are nevertheless Champion plugs and not those of another make. There is evidence to support what one would suspect, that a used spark plug which has been repaired or reconditioned does not measure up to the specifications of a new one. But the same would be true of a second-hand Ford or Chevrolet car. And we would not suppose that one could be enjoined from selling a car whose valves had been reground and whose piston rings had been replaced unless he removed the name Ford or Chevrolet. . . .
>
> Cases may be imagined where the reconditioning or repair would be so extensive or so basic that it would be a misnomer to call the article by its original name, even though the words 'used' or 'repaired' were added. But no such practice is involved here. The repair or reconditioning of the plugs does not give them a new design. It is no more than a restoration, so far as possible, of their original condition. The type marks attached by the manufacturer are determined by the use to which the plug is to be put. But the thread size and size of the cylinder hole into which the plug is fitted are not affected by the reconditioning. The heat range also has relevance to the type marks. And there is evidence that the reconditioned plugs are inferior so far as heat range and other qualities are concerned. But inferiority is expected in most second-hand articles. Indeed, they generally cost the customer less. That is the case here. Inferiority is immaterial so long as the article is clearly and distinctively sold as repaired or reconditioned rather than as new. The result is, of course, that the second-hand dealer gets some advantage from the trade mark. But under the rule of *Prestonettes, Inc. v. Coty* that is wholly permissible so long as the manufacturer is not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer. Full disclosure gives the manufacturer all the protection to which he is entitled.[184]

Adequately disclosed and disclaimed?

184. *Champion Spark Plug*, 331 U.S. 125.

Trademark plaintiffs cannot get around exhaustion by suing under 43(a) and claiming that the sale of unauthorized goods amounts to a false claim of endorsement or affiliation. For example, in *Hart v. Amazon.com*, the plaintiff sued Amazon for allowing third-party sales of copies of his books, which included his press's trademarks, but the court was unpersuaded:

> Plaintiff does not plausibly allege that the books sold through Amazon were anything other than authentic original copies protected under the first-sale doctrine. . . . Plaintiff's claim centers on individuals re-selling copies of his books through Amazon's website without Plaintiff's permission. The mere fact that Amazon offers a platform to third-party sellers to sell various products and, subsequently,

> those individuals sold Plaintiff's books, does not imply that Plaintiff has endorsed Amazon or has any specific affiliation with Amazon. This is not the reality of commerce. As a comparison, a shopper at a bookstore does not automatically believe that just because a used book is appearing at the store, the author is expressly endorsing that store. The same is true for a book that is resold on Amazon.[185]

185. Hart v. Amazon.com, Inc.,191 F. Supp. 3d 809 (N.D. Ill. 2016).

5 Expressive Use

Trademark law provides breathing room for expressive uses in a variety of ways.

Parodies

Courts frequently adapt the multi-factor likelihood-of-confusion test to protect parodies.[186] For example, consider *Louis Vuitton Malletier v. Haute Diggity Dog*, in which the Louis Vuitton luxury luggage, handbag, and accessories company sued the maker of a "Chewy Vuitton" dog toy. Louis Vuitton's family of marks includes the LOUIS VUITTON word mark; the LV monogram; a brown-and-beige repeating pattern of the LV monogram with stars, diamonds, and flowers; and a brightly colored version of the pattern created in collaboration with Takashi Murakami. Handbags with the multicolor design ranged from $995 for a medium handbag to $4500 for a large travel bag, and were sold in Louis Vuitton's own boutiques and through upscale department stores. Louis Vuitton sels a few luxury pet acessories, such as collars and dog carriers, but not dog toys.

186. Compare copyright, where parodies are acommodated within the fair-use analysis.

The defendant was Haute Diggity Dog, a small company that primarily sells chew toys and pet beds that parody luxury brands, such as Chewnel No. 5, Furcedes, Jimmy Chew, Dog Perignonn, Sniffany & Co., and Dogior. The chew toys were made of polyester, sold primarily in pet stores, and generally cost under $20. The Chewy Vuitton toy used "CV" instead of "LV" and had a pattern that evoked, but did not precisely imiate, the multicolor Murkami design.

LVM Multiculor bag

Chewy Vuitton dog toy

The court began by explaining that Chewy Vuitton toy's name and decoration were parodies of the LOUIS VUITTON marks.

> For trademark purposes, a parody is defined as a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark's owner. A parody must convey two simultaneous – and contradictory – messages: that it is the original, but also that it is not the original and is instead a parody. This second message must not only differentiate the alleged parody from the original but must also communicate some articulable element of satire, ridicule, joking, or amusement. Thus, a parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired effect. . . .

[W]e agree with the district court that the "Chewy Vuiton" dog toys are successful parodies of LVM handbags and the LVM marks and trade dress used in connection with the marketing and sale of those handbags. First, the pet chew toy is obviously an irreverent, and indeed intentional, representation of an LVM handbag, albeit much smaller and coarser. The dog toy is shaped roughly like a handbag; its name "Chewy Vuiton" sounds like and rhymes with LOUIS VUITTON; its monogram CV mimics LVM's LV mark; the repetitious design clearly imitates the design on the LVM handbag; and the coloring is similar. In short, the dog toy is a small, plush imitation of an LVM handbag carried by women, which invokes the marks and design of the handbag, albeit irreverently and incompletely. No one can doubt that LVM handbags are the target of the imitation by Haute Diggity Dog's "Chewy Vuiton" dog toys.

At the same time, no one can doubt also that the "Chewy Vuiton" dog toy is not the "idealized image" of the mark created by LVM. The differences are immediate, beginning with the fact that the "Chewy Vuiton" product is a dog toy, not an expensive, luxury LOUIS VUITTON handbag. The toy is smaller, it is plush, and virtually all of its designs differ. Thus, "Chewy Vuiton" is not LOUIS VUITTON ("Chewy" is not "LOUIS" and "Vuiton" is not "VUITTON," with its two Ts); CV is not LV; the designs on the dog toy are simplified and crude, not detailed and distinguished. The toys are inexpensive; the handbags are expensive and marketed to be expensive. And, of course, as a dog toy, one must buy it with pet supplies and cannot buy it at an exclusive LVM store or boutique within a department store. In short, the Haute Diggity Dog "Chewy Vuiton" dog toy undoubtedly and deliberately conjures up the famous LVM marks and trade dress, but at the same time, it communicates that it is not the LVM product.

Finally, the juxtaposition of the similar and dissimilar – the irreverent representation and the idealized image of an LVM handbag – immediately conveys a joking and amusing parody. The furry little "Chewy Vuiton" imitation, as something to be chewed by a dog, pokes fun at the elegance and expensiveness of a LOUIS VUITTON handbag, which must not be chewed by a dog. The LVM handbag is provided for the most elegant and well-to-do celebrity, to proudly display to the public and the press, whereas the imitation "Chewy Vuiton" "handbag" is designed to mock the celebrity and be used by a dog. The dog toy irreverently presents haute couture as an object for casual canine destruction. The satire is unmistakable. The dog toy is a comment on the rich and famous, on the LOUIS VUITTON name and related marks, and on conspicuous consumption in general.[187]

But finding that the use was a parody did not end the matter. The court then proceeded to step through a complete multi-factor likelihood-of-confusion analyis, reasoning that "an effective parody will actually diminish the likelihood of confusion, while an ineffective parody does not."[188]

- *Strength of the plaintiff's mark*: LOUIS VUITTON was a strong, famous mark. But that did not help Louis Vuitton, becuase "the strength of a famous mark allows consumers immediately to perceive the target of the parody, while simultaneously allowing them to recognize the changes to the mark that make the parody funny or biting."[189] Another case found that the strength of TOMMY HILFIGER for clothing did not matter as against TIMMY HOLEDIGGER for pet perfume.
- *Similarity of the marks*: The "essence of a parody" is to invoke the parodied mark while also distinguishing itself. Here, the "differences are sufficiently obvious and the parody sufficiently blatant that a consumer encountering a "Chewy Vuiton" dog toy would not mistake its source or sponsorship on the basis of mark similarity."[190]
- *Similarity of the products*: "Even LVM's most proximate products – dog collars, leashes, and pet carriers – are fashion accessories, not dog toys. As Haute Diggity Dog points out, LVM does not make pet chew toys and likely does not intend to do so in the future."[191] The difference in marketing channels – luxury boutiques versus pet stores – reinforced this conclusion. So too did the difference in advertising channels; any overlap was "so minimal as to be practically nonexistent."[192]
- *Good or bad faith*: "An intent to parody is not an intent to confuse the public. Despite Haute Diggity Dog's obvious intent to profit from its use of parodies, this action does not amount to a bad faith intent to create consumer confusion. To the contrary, the intent is to do just the opposite — to evoke a humorous, satirical association that distinguishes the products."[193]
- Actual confusion: Louis Vuitton tried to argue that actual confusion was present because retailers occasionally wrote "Chewy Vuitton" on invoices, with two Ts isntead of one. But they were likely confused about how to spell the name of the dog toys, not about the source of the dog toys.

The bottom line was that there was no likelihood of confusion. Was this conclusion foreordained by the court's finding that Chewy Vuiton was a parody? Perhaps not quite. It remains useful to walk through the factors, because they bring out key factual details showing that confusion was unlikely. The key – and not all courts are good about this – is to take the parody into account when applying the factors, as the court here did.

Having gone through this exercise, the court then repeated it again

187. Louis Vuitton Malletier v. Haute Diggity Dog, 507 F.3d 252 (4th Cir. 2007).

188. *Id.*

189. *Id.*

190. *Id.*

191. *Id.*

192. *Id.*

193. *Id.*

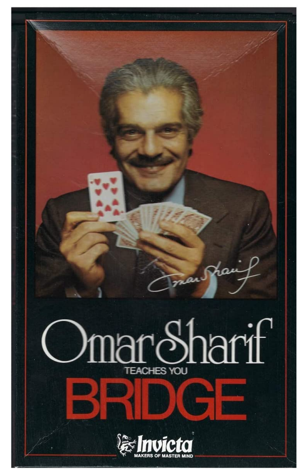
– twice! – because Louis Vuitton also brought claims for dilution by blurring and dillution by tarnishment. The result was the same: Chewy Vuitton was unlikely to cause either of these forms of dilution. I will not bore you with the full details,[194] but this is typical in trademark cases. The plaintiff brings every claim it can, and if the defendant has a successful parody defense, that defense works against every claim the plaintiff brings.

194. Louis Vuitton's main theory of tarnishment was that Chewy Vuiton toys could pose a choking hazard, and its main theory for why that could happen was that the toys were cheap. The court was having none of it. There was, and is to this day, no evidence that any dog has ever suffered any harm from a Chewy Vuiton chew toy.

Expressive Works

While parodies typically must go through the full likelihood of confusion analysis, trademark law does have a shortcut when the defendant's use is part of an expressive (or "artistic") work. Under the *Rogers v. Grimaldi* test, such uses are exempt from trademark liability if they are (1) "artistically relevant" and (2) "not explicitly misleading." The test comes from a case in which the actress and dancer Ginger Rogers – most famous for her movie dance partnership with Fred Astaire – sued the producers of a movie titled *Ginger and Fred*.[195] But the title was artistically relevant because the movie concerned a pair of aging dancers known in Italy as "Ginger and Fred," and nothing about it was explicitly misleading in suggesting that Rogers had endorsed the movie or had a role in its creation. By contrast, the box of "Omar Sharif Teaches You Bridge" explicitly promises that the bridge-teaching system contained within is endorsed by the late star of *Dr. Zhivago*.

195. Rogers v. Grimaldi, 875 F.2d 994 (2d Cir. 1989).



Omar Sharif Teaches You Bridge

Rogers itself involved a plaintiff's *name* and the *title* of a work. But courts have since extended it to apply to any trademark and any way in which a mark is used in an expressive work. For example, in *Louis Vuitton Mallatier v. Warner Bros.*, Louis Vuitton sued the movie studio behind *The Hangover: Part II* over a scene containing what appeared to be a LOUIS VUITTON bag.
footnote[196] Louis Vuitton is a frequent and mostly unsuccessful trademark litigant. It has also sued or threaned suit over a Britney Spears music video, a basketball in a Hyundai ad, a mural about the Darfur crisis, and a student-group event at the University of Pennsylvania Law School.

196. Louis Vuitton Mallatier v. Warner Bros., 868 F. Supp. 2d 172 (S.D.N.Y. 2012).

In the scene, the main characters are waiting for a flight from LAX to Thailand. The Zach Galifianakis character is traveling with what appears to be Louis Vuitton luggage, including an over-the-shoulder bag he leaves next to him.[197] The Ed Helms character picks it up to make room, prompting the response, ""Careful that is ... that is a Lewis Vuitton. The bag never appears or is mentioned after that.

197. Louis Vuitton alleged that the bag was actually a look-alike manufactured by Diophy, not an authentic LOUIS VUITTON bag. If true, should this matter?

Still from *The Hangover: part II*

As the court explained, this was an artistically relevant use. This threshold "is purposely low and will be satisfied unless the use has no artistic relevance to the underlying work whatsoever."[198] As long as it is "not arbitrarily chosen just to exploit the publicity value of [the plaintiff's mark] but instead has genuine relevance to the film's story," that is enough.[199]

Alan's terse remark to Teddy to "[be] [c]areful" because his

198. *Louis Vuitton Mallatier*, 868 F. Supp. 2d 172.

199. *Rogers*, 875 F.2d 994.

> bag "is a Lewis Vuitton" comes across as snobbish only because the public signifies Louis Vuitton – to which the Diophy bag looks confusingly similar – with luxury and a high society lifestyle. His remark also comes across as funny because he mispronounces the French "Louis" like the English "Lewis," and ironic because he cannot correctly pronounce the brand name of one of his expensive possessions, adding to the image of Alan as a socially inept and comically misinformed character. This scene also introduces the comedic tension between Alan and Teddy that appears throughout the Film.

As for explicit misleadingness, there was no insinuation that Louis Vuitton sponsored or endorsed the movie.

> Furthermore, Louis Vuitton's position assumes that viewers of the Film would take seriously enough Alan's statements about designer handbags (even about those he does not correctly pronounce) that they would attribute his views to the company that produced the Film. This assumption is hardly conceivable, and it does not cross the line into the realm of plausibility. Lastly, Louis Vuitton is objecting to a statement made by a fictional character in a fictional movie, which it characterizes as an affirmative misrepresentation.

6 Miscellaneous

Section 32 of the Lanham Act contains two specific defenses. The first is for printers:

> Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed … shall be entitled as against such infringer or violator only to an injunction against future printing.[200]

200. Lanahm Act § 32(2)(A).

The second is for advertising media:

> Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication, the remedies of the owner of the right infringed shall be limited to an injunction against [future such advertising or communications]. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.[201]

201. Lanahm Act § 32(2)(B).

The purposes of these defenses are similar. They protect companies that provide useful general-purpose services from having to carry out detailed inspections of everything that they print or run. A printing shop commissioned to make hang tags for clothing should not have to demand documentary proof of a proper trademark license, and neither should Facebook's ad-placement service. They can carry out their ordinary business without risking ruinous trademark liability. But note that (a) the defenses only apply to *innocent* parties who are unaware of the infringement, and (b) that injunctions against *future* violations are available against them.

Problems

Distinctiveness Jeopardy

Come to class ready to classify trademarks as generic, descriptive, suggestive, arbitrary, or fanciful – and remember to phrase your answers in the form of a question.

Melting Bad

You are the general counsel of Blancorp, a medium-sized scientific and industrial chemical supply firm named for its founder and CEO, Walter Blanco. He has been hoping for years to break in to the snow-and-ice melter market with his own line of salts for homeowners, businesses, and cities to spread on streets and sidewalks after snowstorms. Blancorp's research chemists have been studying a type of naturally occurring rock salt from Quebec, Canada. Known locally as *le loup bleu* (French for "the blue wolf"), this particular variety is notable for its cobalt blue color and its remarkable resistance to clumping. (Some other melters are either naturally or dyed blue, but they all have lighter shades, Blanco assures you.)

Blanco has informed you that his chemists have succeeded in replicating *le loup bleu* in the lab, with high purity, the same blue color, and the same resistance to clumping. He has asked them to start full-scale production immediately, and has come to you to discuss potential trademarks. Give Blanco your advice on which of the following would be good choices from a legal and business perspectives:

- ALL-NATURAL BLUE
- ICE MELT
- LOUP BLEU
- CLUMPLESS
- COBALT WOLF
- QUIZMARUNK
- Sell the salt in a bag with a line drawing of a wolf

Do you have any other ideas or advice?

Steak-Umm

The Steak-Umm Company sells STEAK-UMM, a brand of thin-sliced frozen steaks primarily used in making cheesesteak sandwiches. Its

Twitter account at @steak_umm has become known for posting virtual philosophical threads, e.g.:

> by now it's no secret that twitter incentivizes toxic beef with its character limit and clout chasing culture. quick clever gotchas are rewarded over long detailed threads. this leads some people to excessively caveat points to avoid misunderstanding and others to care even less
>
> the vast majority of in person communication is implicit through body language, tone, relationship context, etc. all of that is lost online in general, but especially on twitter. you might think a post clearly shows your thinking, but someone will always interpret it differently
>
> when people see posts that affirm their biases, they often interpret them in the best light, but when they see posts that go against their biases, they often interpret them in the wurst light. caveats and context can help, but they only go so far in a short-form public platform
>
> some people will read into everything you do online based on accounts you follow, accounts you regularly engage with, or content you've posted in the past in order to infer what your motivations are so they can make a snap judgement on you. no one takes posts purely at face value
>
> because twitter is context bankrupt and confrontation rich, engaging in hypotheticals or analogies to help illustrate a point is almost always more harmful than helpful because some people will think you mean exact 1-to-1 comparisons or that you're signaling a different view
>
> publicly sharing thoughts and ideas through text is a challenge for everyone, even those with experience. internet culture pressures people to engage others in this unnatural way, often without adequate tools or education. this leads to a downward spiral of communication habits
>
> staying aware of how internet culture incentivizes and amplifies certain behaviors is key to managing them. be as clear as you can when sharing ideas and considerate when others try to do the same. in case it wasn't clear, this thread is an ad to sell frozen meat
>
> steak-umm bless

Like this one, the account's threads regularly end with "steak-umm bless."

Does the Steak-Umm Company have trademark rights that would prevent another food brand from putting a similar slogan on its boxes – e.g., "Hamburger Helper bless"?

Drug Stamps

You are an assistant district attorney in a large city. You have been ap-

SHOOTERS drug stamp

proached by Captain Carver from the drug-enforcement task force with some questions about trademark law. She observes that many local drug dealers sell heroin in single-dose bags for about $10. Frequently, the bags are labeled with a "stamp": a phrase, image, or both. Stamps include EXORCIST, FLATLINE, GET HIGH OR DIE TRYING (this one is laced with fentanyl), PANDEMIC, WMD, and RED TOPS, among many others.

Carver has observed that one local drug ring uses FROSTED FLAKES and LUCKY CHARMS as stamps, which are trademarks of Kellogg's and General Mills, respectively. She proposes using trademark law to seize the bags as counterfeit marks, to invite the cereal companies to file civil suits against the drug rings, and to add criminal trademark infringement to the list of charges your office pursues.

Explain to Carver why drug dealers mark their bags in this way, whether these are legally enforceable trademarks, and whether her proposed plan will improve public safety.

Bilgewater Bill's

1. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
2. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - A files for federal trademark registration under § 1(a).
3. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - B files for federal trademark registration under § 1(a).
4. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - A uses BILGEWATER BILL'S in Baltimore.
   - B uses BILGEWATER BILL'S in Seattle.
   - A files for federal trademark registration under § 1(a).
   - B files for federal trademark registration under § 1(a).
5. Consider the following sequences of events. Who has priority in Baltimore? In Seattle? In Chicago?
   - B files a § 1(b) intent-to-use application for BILGEWATER BILL'S.
   - A uses BILGEWATER BILL'S in Baltimore

- B uses BILGEWATER BILL'S in Seattle.
- B files a § 1(d) statement of use.

Cannabusiness

The sale of marijuana is legal under some states' laws but remains illegal under federal law. Your client, Herbal Access, Inc. operates three dispensaries in the state of Colorado under the mark HERBAL ACCESS with a logo of a green marijuana leaf on a brown diamond. Herbal Access is interested in expanding into other states and has sought your advice on a suitable trademark strategy.

Baltimore Colts

In 1984, to great local anger, the Baltimore Colts of the National Football League moved to Indianapolis. Your client, the Canadian Football League, is considering opening a new franchise in Baltimore to be called the "Baltimore CFL Colts." What is your advice?

Bonus: what if your client proposes instead to open up a bar in Baltimore under the name The Baltimore Colt?

Baltimore CFL Colts logo

Duff

Duff beer is, or was, a fictional beer on the animated cartoon sitcom *The Simpsons*. Varieties mentioned on the show include Duff, Duff Dry, Duff Light, Duff Adequate, Raspberry Duff, Lady Duff, and Tartar Control Duff. Recently, the Fudd Corporation has started selling beer under the DUFF name. Fudd is unaffiliated with Twentieth Century Fox (which produces *The Simpsons*) and has not obtained permission from Fox. Your client is a chain of liquor stores considering whether it should stock Fudd's products. What is your advice? Would it affect your answer if Fox sold a line of *Simpsons*-themed beers including DUFF? What if Fox gave away "DUFF beer" (actually ginger ale) to fans at conventions?

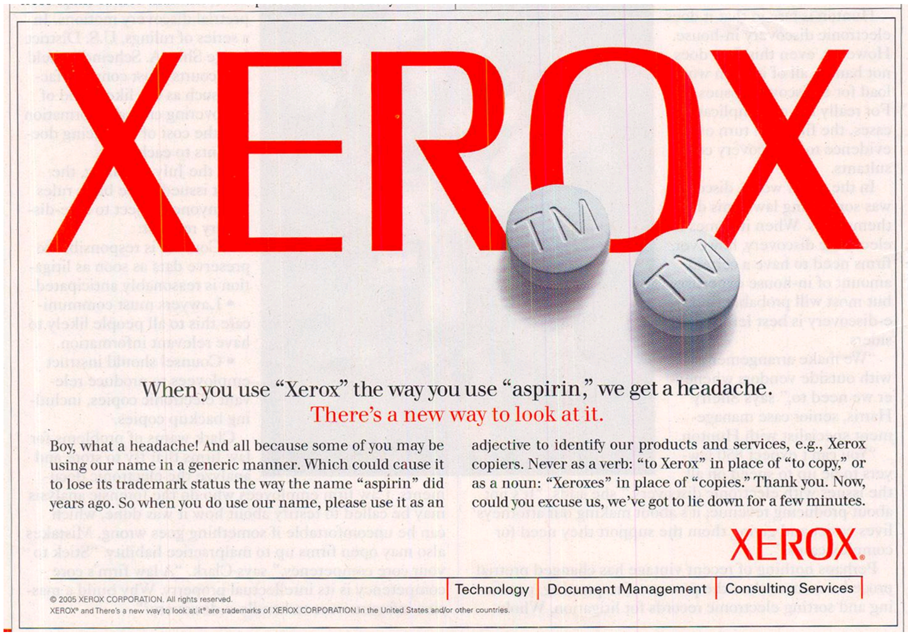
Duff beer "can"

Google

Make the strongest argument you can that the GOOGLE mark for Internet search services should be cancelled as generic. Make the strongest argument against.

Xerox

You work in the legal department of Xerox Holdings Corporation, which sells document-management technologies and services worldwide, including photocopiers, scanners, printers, and printing presses. It has been spending significang sums placing advertisements like the below in magazines, including those targeted at journalists like the *Columbia Journalism Review*. You have been asked for your opinion whether the expenses associated with these ad camapgins could be reduced or eliminated. Advise.



Xerox ad

Cheat Sheet

Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1581 (2006) reports on an empirical study of 331 litigated trademark cases and concludes that the factors do not have equal importance. According to Beebe, the following flowchart correctly decides every case in the sample set:

- Are the marks similar? If NO, then the defendant wins.
- Did the defendant act in bad faith? If YES, then the plaintiff wins.
- Was there actual confusion? If YES, then the plaintiff wins.
- Were the goods proximate? If NO, then the defendant wins.
- Is the plaintiff's mark strong? If YES, then the plaintiff wins; if NO, then the defendant wins.

How should Professor Beebe's findings influence our thinking about trademark infringement? Should it change how lawyers argue cases, how judges decide them, or how we study them in class?

Boats

Following are the facts as stated in *AMF Inc. v. Sleekcraft Boats*.[202] Assuming a jury verdict in favor of the plaintiff on a claim of trademark infringement at trial, how should the court rule on the defendant's motion for judgment notwithstanding the verdict?

> AMF and appellee Nescher both manufacture recreational boats. AMF uses the mark Slickcraft, and Nescher uses Sleekcraft.
>
> AMF's predecessor used the name Slickcraft Boat Company from 1954 to 1969 when it became a division of AMF.

202. AMF Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979).

The mark SLICKCRAFT was federally registered on April 1, 1969, and has been continuously used since then as a trademark for this line of recreational boats.

Slickcraft boats are distributed and advertised nationally. AMF has authorized over one hundred retail outlets to sell the Slickcraft line. For the years 1966-1974, promotional expenditures for the Slickcraft line averaged approximately $ 200,000 annually. Gross sales for the same period approached $ 50,000,000.

After several years in the boat-building business, appellee Nescher organized a sole proprietorship, Nescher Boats, in 1962. This venture failed in 1967. In late 1968 Nescher began anew and adopted the name Sleekcraft. Since then Sleekcraft has been the Nescher trademark. The name Sleekcraft was selected without knowledge of appellant's use. After AMF notified him of the alleged trademark infringement, Nescher adopted a distinctive logo and added the identifying phrase "Boats by Nescher" on plaques affixed to the boat and in much of its advertising. The Sleekcraft mark still appears alone on some of appellee's stationery, signs, trucks, and advertisements..

The Sleekcraft venture succeeded. Expenditures for promotion increased from $ 6,800 in 1970 to $ 126,000 in 1974. Gross sales rose from $ 331,000 in 1970 to over $ 6,000,000 in 1975. Like AMF, Nescher sells his boats through authorized local dealers.

Slickcraft boats are advertised primarily in magazines of general circulation. Nescher advertises primarily in publications for boat racing enthusiasts. Both parties exhibit their product line at boat shows, sometimes the same show

Slickcraft (top) and Sleekcraft (bottom) logos

AMF boat

Nescher boat

Wine

The year is 1996. You are the general counsel to Banfi Products, an importer of Italian wines. Banfi sells to wholesalers, who in turn sell the wine to restaurants and wine stores. Its wines are popular in mid-tier chain restaurants like Olive Garden and Macaroni Grill. One of the wines it imports is COL-DI-SASSO, which is produced by one of its affiliates in Italy. "Col di sasso" is an Italian term meaning "hill of stone." One of Banfi's employees conceived of the name COL-DI-SASSO in the Italian hill town of Montalcino; he named it after a particular rock known as "sasso," prevalent in the region of Tuscany. In 1992, Banfi began selling a Cabernet Sauvignon as COL-DI-SASSO in the United States; in 1993, it changed the blend to a 50-50 mix of Sangiovese and Cabernet. Its label includes an orange-yellow depiction of a landscape, surrounded by a green-black marbleized background. It received a registration for COL-DI-SASSO in 1992. To date, it has sold over 27,000 cases of COL-DI-SASSO. It has annual sales of over $1 million dollars,

COL-DI-SASSO label.

and spends over $100,000 on advertising. A bottle of COL-DI-SASSO costs roughly $10 at retail and $20 in a restaurant.

Robert Pepi is a winery in Napa Valley. It produces and sells the wine ROBERT PEPI COLLINE DI SASSI. Tranlated literally, this means "Robert Pepi little hills of stone." It is labeled as a Sangiovese, but also contains up to 15% Cabernet. Its label is orange and cream.n its application to the Bureau of Alcohol, Tobacco and Firearms, which must approve labels for use in interstate commerce, the winery listed "Robert Pepi" as the "brand name" and "Collini Di Sassi" as the "fanciful name." It began distributing ROBERT PEPI COLLINE DI SASSI throughout the United States in 1990. It has sold an average of about 500 cases a year since then, and made minimal advertising expenditures. It too sells its wine to independent distributors, who sell it to restaurants and stores. It is marketed as a high-end, limited production wine, and sells for $20 to $25 per bottle in stores, and for $40 or more in restaurants.

I

John Mariani, Cornell '54, Banfi's Chairman Emeritus, saw a short reference to Robert Pepi in an article in *USA Today* in 1994. He considered it inappropriate for a California winery to use a name implying a connection to Italy. He faxed the article to several corporate officers with the handwritten note, "Stop Robert Pepi from using 'COLLINO DI SASSI.' Ask JM. It is a region not in USA." The note has landed on your desk. What do you do?

Hershey

You have been called by a reporter for the *Baltimore Sun*. A candidate for the Maryland State Senate, Steven S. Hershey, Jr., has recevied a cease-and-desist letter from the Hershey Company, which sells a wide variety of chocolate products, alleging that his campaign signs infringe on their rights in the HERSHEY family of marks. Some of his signs feature a brown-hued version of the Maryland state flag; others are on a plain brown background.

Explain to the reporter what the trademark issues are here, and how you think the matter will be resolved.

Steve Hershey camapgin sign (left); Hershey Company chocolate bar (right)

Steve Hershey posing with a campaign sign.

Infringement Lightning Round

In each case, what theory or theories of trademark infringement are at stake Should a court find a violation of the trademark owner's rights?

The mark is TIFFANY for jewelry.

The mark is TIFFANY for jewelry.

The mark is TIFFANY for jewelry.

The mark is I CAN'T BELIEVE IT'S NOT BUTTER! for margarine.

The mark is NEW YORK STOCK EXCHANGE for securities-trading services.

Ambush Marketing

Section 15A of South Africa's Merchandise Marks Act, as amended in 2002, provides that certain events may be designated as "protected" and that

Women wearing orange

> For the period during which an event is protected, no person may use a trade mark in relation to such event in a manner which is calculated to achieve publicity for that trade mark and thereby to derive special promotional benefit from the event, without the prior authority of the organiser of such event.

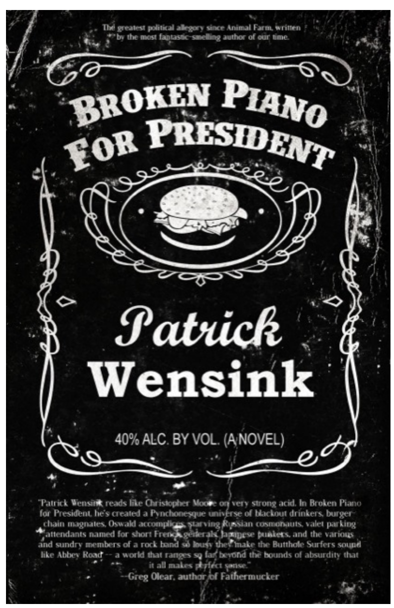
Note that "a trade mark" need not be the mark of the event's organizer – section 15A prohibits the use of *any* trademark in this manner.

In 2010, South Africa was the host nation for the FIFA World Cup. Thirty-six women attended the Netherlands-Denmark game wearing orange dresses. Orange is the national color of the Netherlands, and also is used prominently in advertising for the Dutch beer company Bavaria. Did Bavaria or the women violate section 15A? If they had done this in the United States, would they have violated any provisions of the Lanham Act?

Jack Daniel's Problem

You represent the Brown-Forman Corporation, a wine-and-spirits company that owns the Jack Daniel Distillery. Its namesake whiskey, JACK DANIEL'S, is sold in bottles bearing the label at the top. Beneath it is the front cover of a novel by Patrick Wensink. How should you respond?

(a) JACK DANIEL'S label



(b) *Broken Piano for President* cover

Paper Handbag

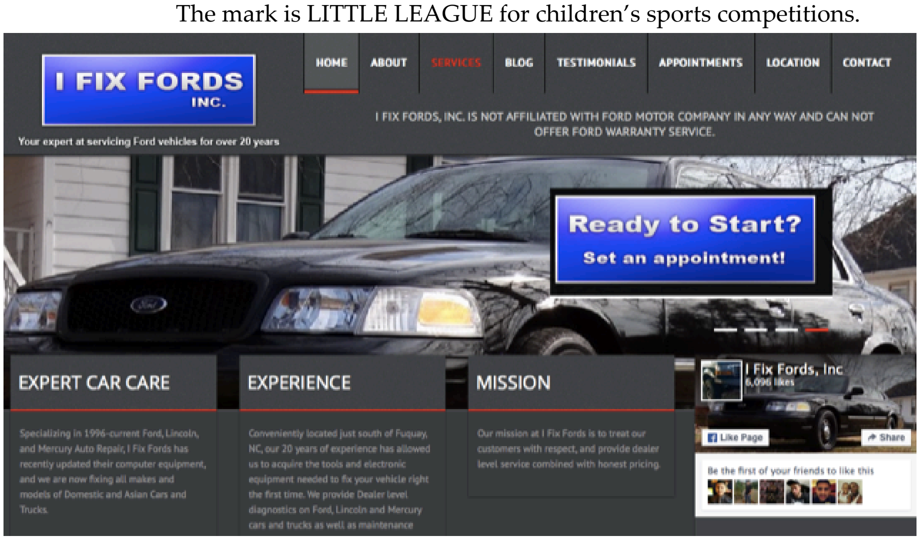
GUCCI "handbags"

These "handbags" bearing the GUCCI logo are actually made of paper. In Chinese religious traditions, people burn them – along with other paper effigies of luxury goods and paper "money" in denominations up to $5,000,000,00 – as offerings to deceased relatives. Very loosely, the idea is that doing so provides for the relatives' comfort in the afterlife. Your client is a Chinese corporation that manufactures these effigies and sells them via ecommerce platforms like Taobao and DHgate to retailers worldwide. You have been asked whether it should worry about trademark issues. What do you recommend?

Defenses Lightning Round

In the following cases, you represent the owner of the specified trademark. What should you do? *Hints*: It never hurts to first determine the applicable theory or theories of infringement before analyzing whether a defense applies. It also never hurts to Google the mark itself to see how the owner uses it.

The mark is LITTLE LEAGUE for children's sports competitions.

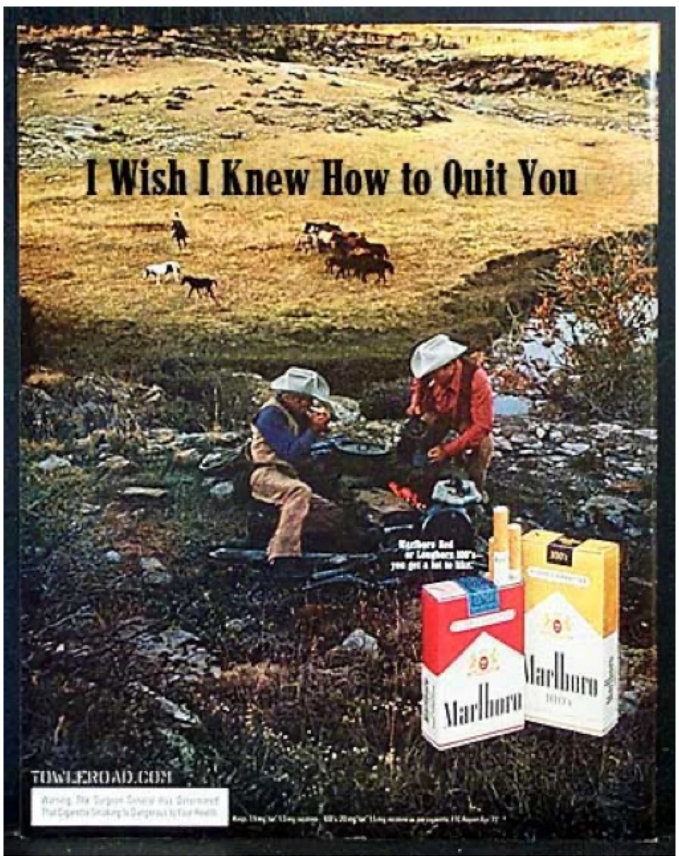


The mark is FORD for cars.

The mark is 7-11 for groceries.

The mark is FEDEX for delivery services

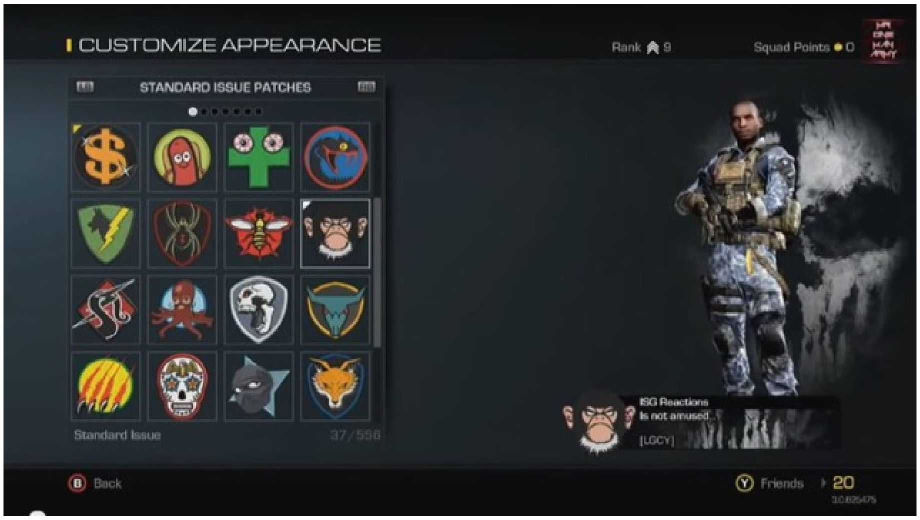
The mark is GOT MILK? for milk.



The mark is MARLBORO for cigarettes. It may help to note that "I wish I knew how to quit you" is a line of dialogue from *Brokeback Mountain*.

The mark is LISTERINE for mouthwash. The black text on the white portion of the Target bottle of mouthwash reads "Compare to FRESHBURST® LISTERINE®."

The mark is M&MS for chocolate candy



The angry monkey design is a design mark for an "on-line retailer store featuring clothing, namely, patches, t-shirts, hats, bags and pouches and tactical gear."

The mark is POLO for fragrances. The text at the bottom reads "Inspired by POLO."

Vested Interest

You represent Agatha Vest, who works as an editorial intern at a fashion magazine. In her spare time she blogs, tweets, and instagrams about ethical issues in the fashion supply chain. She is the founder and sole staff member of Vested Interest, an unincorporated sole proprietorship which she operates out of the Queens apartment she shares with four other socially-minded twenty-somethings. She has just received the letter that appears on the following pages. She has a pile of student debt and almost no assets. On the one hand she can't afford to pay for much in the way of lawyering, but on the other, she feels she has nothing to lose in standing up to the man and is more than happy to take a public stance now. Her top priority is bringing public attention to what she sees as the ethical problems with how major fashion houses source their leather. Advise her on her strategic options, and describe the response letter you will write to Louis Vuitton.

By Electronic Mail and Courier Service

L. Ellems
Ellems Law Group
2 West Loop Road
New York, NY 10044

Dear Mr. or Ms. Ellems,

I am the director of Civil Enforcement, North America, for Louis Vuitton Malletier ("Louis Vuitton"). I write to demand that your client, Vested Interest, immediately cease and desist its infringements of Louis Vuitton's intellectual property.

Louis Vuitton is the owner of world famous registered and common law trademarks (the "LV Trademarks"), including the LOUIS VUITTON and LV word marks, the LV initial monogram, and the Toile Monogram shown below:

The Toile Monogram, which consists of the LV initial monogram and three distinctive design elements – a circle with a four-leafed flower inset; a curved beige diamond with a four-point star inset; and its negative – was created by George Vuitton, Louis Vuitton's son, in the 1890's to protect the Louis Vuitton brand from unlawful imitators. Since that time, Louis Vuitton has manufactured and sold products bearing the Toile Monogram and secured numerous federal trademark registrations bearing the LV Trademarks. LV has also manufactured and sold products bearing the federally copyrighted Multicolor Toile Monogram, created in collaboration with Takashi Murakami:

Since its founding in 1854, Louis Vuitton has built up a worldwide reputation for its design, innovation, quality, and style in women's and men's leather goods and fashion apparel and accessories. The LV Trademarks, including the Toile Monogram and Multicolor Toile Monogram, are among the most famous trademarks in the luxury goods industry and the world. To help protect its valuable trademarks and copyrights and to preserve the good will and exclusivity of Louis Vuitton designs, Louis Vuitton closely controls the sale of its products and the use of its trademarks, and has devoted and continues to devote substantial resources to protect the LV Trademarks and copyrights.

It has come to my attention that Vested Interest has been engaged in blatant counterfeiting of Louis Vuitton leather and canvas handbags. As confirmed by the numerous screenshots and letters from defrauded customers attached to this letter, Vested Interest has been selling counterfeit Louis Vuitton handbags (the "Infringing Articles") on Internet retail and resale platforms such as Amazon Marketplace, Craigslist, and eBay using descriptions such as "Genuine Louis Vuitton handbag," "Real LV Neverfull," and "NWT Multicolor Noir ONLY $50." The Infringing Articles are offered at prices in many cases less than 5% of the normal retail price for the corresponding authentic Louis Vuitton handbags.

Although the images used in the listings appear to consist of photographs of authentic Louis Vuitton handbags, and in some cases in fact consist of photographs copied from Louis Vuitton's own website, the Infringing Articles to delivered to customers are, as noted above, cheap forgeries. They consist of so-called "vegan leather," which despite the name is a synthetic product that replicates neither the texture nor the durability of the genuine luxury leathers used in authentic Louis Vuitton handbags. The Infringing Articles are of obviously crude manufacture: paper-thin, poorly stitched, and wholly unsuitable for even the lightest use. They are printed with the following counterfeit variation of the Toile Monogram, or with a corresponding counterfeit variation of the Multicolor Toile Monogram:

In addition, the Infringing Articles are packaged with a letter stating:

> LUXURY HANDBAGS KILL INNOCENT ANIMALS
> Hello from Vested Interest, a nonprofit activist organization dedicated to ending animal suffering. The handbag you almost bought was made from the skin of a living, breathing, feeling animal. It was slaughtered for its skin. To keep you from being complicit in its murder, we've swapped out the blood-drenched handbag for this stylish substitute that looks just as nice but better expresses the fact that leather is murder. If you would like to donate to the cause of protecting innocent living beings from this senseless slaughter, you don't need to do anything more, and your purchase price will go to end this inhumane practice. You can keep the handbag and use it to help spread the word. If you would prefer not to, just let us know, and we will be glad to issue you a full refund, you monster.

This letter confirms that Vested Interest is engaged in blatant acts of copyright infringement, trademark infringement, and false advertising. Louis Vuitton has received numerous complaints from consumers who have been defrauded by Vested Interest's behavior. Representative quotations include:

> "How can these guys do this to you?"

> "Can you help me get my money back?"

"I'm not sure I can wear my LV bag in good consciences again."

"I couldn't believe I was getting such a good deal. Then I couldn't believe how shoddy the bag was. Now I can't believe I fell for it."

"What a rip off!"

Vested Interest's actions constitute copyright infringement, trademark infringement, unfair competition, and false advertising under state and federal law and are causing irreparable harm to Louis Vuitton's reputation for high-quality luxury goods. We hereby demand that Vested Interest immediately cease all sales of the Infringing Articles; destroy all remaining Infringing Articles; issue full, immediate, and unconditional refunds to all buyers of the Infringing Articles; and issue a public apology to Louis Vuitton for Vested Interest's malicious and harmful conduct. If you do not confirm to me within one week that Vested Interest agrees to do so, Louis Vuitton will be compelled to take further legal action.

Very truly yours,

Consuela Cooper, Esq.